FINANCIAL TIMES

No. 26,688 Tuesday June 10 1975 *** 10p

1971 1975 THE QUEEN'S AWARD TO INDUSTRY

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Ptas.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50;

NEWS SUMMARY

Stonehouse back in jail

Now he won't eat or speak

Mr. John Stonehouse, who was arrested in Melbourne as he tried to board a jet for London to address the Commons on Thursday during its debate on his expulsion, is being held in jail where he is refusing to eat or speak.

Mr. Stonehouse is being held in the remand section of Pentridge Prison, five miles from the centre of Melbourne, after being charged with obstructing the course of justice by trying to leave Australia while on bail on British extradition charges alleging theft, fraud, forgery and conspiracy.

His wife said in London that a hunger strike would be no hardship for Mr. Stonehouse as he had gone a week without eating at home as a form of health control.

Cambridge rape charges remand

About 50 women ran down a Cambridge street, screaming abuse at Peter Samuel Cook, a 5 feet 4 inch van driver, as he was led into court to be remanded in custody for eight days, charged with seven offences of rape, one of attempted rape and one of wounding.

Peace mandate for Mid-East

Israeli Premier Yitzhak Rabin leaves for Washington to-day with a Cabinet mandate to pursue another interim peace agreement with Egypt. On the eve of the visit to Amman by President Hafez Assad, possible military co-operation between Syria and Jordan has been emphasised in statements by leaders of both countries. Page 5

Pub bombings 'were revenge'

An IRA squad killed 21 people in two Birmingham pub explosions to avenge a fellow bomber who blew himself up, the prosecution alleged at Lancaster Crown Court when the case against nine alleged IRA men opened amid the strictest security measures the U.K. has seen.

Cowdrey to quit

Colin Cowdrey, 42, one-time captain of Kent and England and scorer of most runs and taker of most catches in Test matches, is to retire from first-class cricket at the end of the season.

Catholic choice

The Conference of Italian Bishops has avoided endorsing the Christian Democrats as the party for Catholic voters ahead of next week's regional and local elections. Page 7

Rescue funds

New York City has been saved from technical bankruptcy and debt default. A new State agency will buy up most of the city's short-term debt and re-issue longer term bonds under it own name. Page 4

Daylight robbery

A man who bought a suitcase at a Cologne department store walked into the manager's office, threatened to blow up the store and got away with DM1m. (about £183,200) in banknotes.

Crash deaths

Two brothers and the wife of one of them died when their car plunged down a gully and burst into flames on the West Kilbride to Dalry road in Strathclyde. Two men died after a coach driver was thrown through the windscreen when his vehicle crossed a central reservation at Halesowen, Worcs.

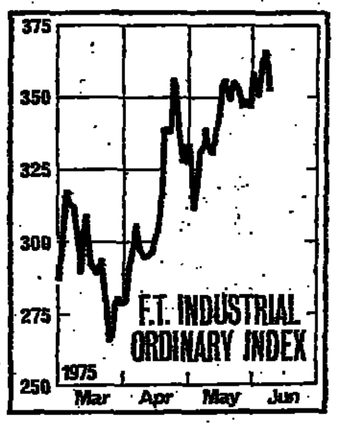
France set off its first underground nuclear explosion in the South Pacific on June 5, the Defence Ministry stated.

Eighty-year-old Bryan Latham of Trebartha, Cornwall, has been awarded a BA degree by the Open University.

BUSINESS

Equities down 9.7; Gold shares hit

● EQUITIES met further profit taking, but a late technical rally lifted closing levels above the worst. At 2 p.m. the FT 30-share index was down 14.5, but ended the day 9.7 off at 352.3.



Gold mining shares met scattered selling, and with buyers holding off, prices closed with some fairly substantial losses. The Gold Mines index gave up 17.4 to 371.6, a loss of 42.8 in the past three trading days.

● GILTS were uneasy after the quick replacement of Friday's exhausted short "tap." Losses on low coupon issues extended to ⅝. Mediums fell by up to ½. Longs closed down ¾ and sometimes more.

● INVESTMENT DOLLAR premium continued last week's easier tendency to close 1¼ lower at 89½ per cent.

● STERLING fell 30 points to $2.3180 and its weighted depreciation widened to 24.6 (24.5) per cent. Dollar's fall lessened to 6.96 (7.05) per cent.

● GOLD rose $½ to $165¾.

● WALL STREET was down 4.92 at 834.72 near the close.

● FRANCE is expected to rejoin the joint EEC currency float next Monday. The Swiss franc could follow with associate status within two months. Page 6

● A SECOND WHITE PAPER may be published on the Industry Bill, which is due to finish its committee stage shortly. Back Page

● BRITISH PETROLEUM is negotiating to sell its half share in BP Norway to the Norwegian Government for around £27m. Back Page

● NORTH SEA OIL find by Zapex in the East Moray Firth region is described as "encouraging." More wells will be needed before the size can be estimated. Back Page

State industries get a warning

● NATIONALISED industries were warned in the Commons that the nation's limited resources cannot be used to subsidise overmanning and inefficient use of labour. Page 16

● POST OFFICE is believed to be heading for a £300m. deficit this year unless urgent action is taken. Back Page

● WORKER OCCUPATION of Massey - Ferguson's Coventry tractor plant ended yesterday. "Normal" picketing was resumed after a meeting between management and union leaders had been arranged for tomorrow. Page 10

● SHIPPING EMPLOYERS yesterday agreed to arbitration over pay negotiations for 40,000 merchant seamen, but are uneasy over union reluctance to be bound by the findings. Page 10

● HILL SAMUEL is recovering some $16-25m. of its Herstatt losses as part of a $173m. payout in New York. Back Page

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated).

RISES:		Glaxo	448 − 12
Carless Capel	69 + 5	GUS "A"	192 − 7
Godfrey Davis	34 + 6	GKN	254 − 12
Gunn (A.)	59 + 14	Hambros Bank	145 − 10
Hartle Machinery	28½ + 3½	Inchcape	363 − 22
Macfarlane Group	92 + 7	Long John Int.	137 − 12
Petbow Hlds.	102 + 12	Lyons (J.) "A"	158 − 12
York Trailer	32 + 6	Marks & Spencer	241 − 9
Crosby House	101 + 9	Pearl Assurance	212 − 8
Silvermines	67 + 3	Pilkington Bros.	197 − 15
Vultan Minerals	20 + 7	Ready Mxd. Concrete	63 − 5
FALLS:		Royal Insurance	320 − 12
Treasury 3% 1979	£77¾ − ¾	Sun Alliance	423 − 19
Associated Eng.	59 − 4	Tate & Lyle	255 − 11
Assoc. P. Cement	151 − 7	Tube Invs.	296 − 8
Baird (W.)	67 − 7	Vickers	141 − 5
Distillers	142 − 7	Wimpey (G.)	127 − 5
English China Clay	72 − 6	Wace Grp.	14 − 4
		Guthrie	225 − 17
		Elsburg	380 − 30
		Gold Mines Kalg'rlie	155 − 20
		Malayan Tin	195 − 12
		Pres. Steyn	£16¼ − 1¼
		Western Hlds.	£35 − 2¼

Manufacturers plan 15% less capital spending this year

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

Manufacturing companies in the U.K. are expecting to invest 15 per cent. less in new buildings, plant and machinery this year than they did in 1974, according to a survey just conducted by the Department of Industry.

If this prediction is fulfilled, the country will experience one of the sharpest reductions in manufacturing investment in post-war years.

The Department of Industry stated yesterday that "the extent of this fall implies a steeply falling trend through 1975, at a rate not previously experienced."

Moreover, so far as can be judged from manufacturers' plans at this stage, there are no indications of any upturn in capital expenditure during 1976, when the volume is expected to be "of the same order as in 1975."

This sharp downturn is projected for a period during which Mr. Denis Healey, Chancellor of the Exchequer, was hoping there would be significant increases in U.K. industrial investment so that companies could be ready for the next revival in world trade.

In addition to the squeeze last year on industrial profits and liquidity, and the poor demand prospects this year, manufacturing investment plans are being hit by the widespread uncertainties attached to present and potential U.K. rates of inflation.

The DI survey certainly underlines some of the fears about the industrial investment picture which have been raised by Mr. Anthony Wedgwood Benn, Industry Secretary, in recent months.

Work on the survey was conducted in April and May, before the results of the referendum on Britain's EEC membership. There have been reports of companies holding up investment projects until the results of the referendum were known, but the importance of this factor is impossible to quantify.

Inflation

The Department of Industry also makes the point that in times of rapid inflation the conversion of investment forecasts at present prices into volume figures makes the projections that much more subject to error.

Against this, it has to be stated that in most recent years the DI investment intentions survey has tended to err on the optimistic side.

The present forecast itself represents a worsening inthe outlook since the end of last year, when it was expected that the downturn in investment this year would be in the 7 to 10 per cent. range.

The fact that investment eventually turned out to be 2½ per cent. higher in 1974 than had seemed likely, only goes part of the way to explaining the difference.

The survey comes at a time when there is a revival of interest among the members of the National Economic Development Office in schemes for counter-cyclical investment, to smooth out the fluctuations of the business cycle.

Ironically, however, the fall being predicted for capital expenditure this year is not only large by any standards. The pattern of previous downturns in the U.K. investment cycle has been for only a small fall during the first year, and a larger one subsequently.

The DI survey shows that the deterioration in the investment outlook is not confined to manufacturing industry.

Results for the distributive and service industries show that the volume of capital expenditure is now expected to drop 10 per cent. this year—"or slightly more"—compared with a previous prediction of a 5 per cent. drop.

There is also likely to be "a further but smaller" decline in this sector's capital expenditure next year, the DI states.

None of these figures takes account of capital expenditure on work in the North Sea, which is running at about £1bn. a year, compared to total investment by U.K. manufacturing industry of £2.1bn. (at 1970 prices) in 1974.

Rise of $2\frac{3}{4}$% in wholesale prices

By William Keegan

THE AVERAGE wholesale price of goods leaving factories and warehouses jumped by 2¾ per cent. during May, to a level 25.7 per cent. higher than a year ago.

Announcing this yesterday the Department of Industry emphasised that most of the May increase was attributable to the increased excise duties introduced in the April Budget on tobacco and alcohol.

But for the Budget increases the output prices index would have risen by 0.8 per cent., the smallest increase for 18 months, the DI stated.

The Budget tax increases were, of course, an important aspect of the Government's anti-inflationary measures.

In terms of presentation, this way of siphoning-off purchasing power has a dramatic effect on the prices index, as will be apparent again later in the week when the more politically sensitive retail prices index is published on Friday.

But while such fiscal attempts to deal with inflation have the unfortunate appearance of making it worse, it would be a mistake to put too much emphasis on the apparent slowdown in the rest of the wholesale price index during May.

There is every indication from the course of wage rates and pay settlements in recent months that the underlying inflationary pressures in the U.K. economy remain alarmingly strong.

Inflationary pressure, too, in recent months has been particularly marked in the public sector, and in services, and will show up more prominently in the retail prices index rather than wholesale prices.

On the raw material side there was some easing last month in the prices paid by the food manufacturing industry, as a result of lower prices for imported vegetable oils and oilseeds, cereals and tea. On average material prices for the industry fell by 1¼ per cent.

But the further devaluation of the pound against the dollar during May was the main factor behind a 1¼ per cent. rise on average in material and fuel prices for the rest of industry, after a long period since the end of last year when material prices had, on average, changed very little.

£ in New York

—	June 9	Previous
Spot	$2.3200-3210	$2.3265-3275
1 month	0.88-0.83 dis	0.83-0.78 dis
3 months	2.65-2.60 dis	2.55-2.50 dis
12 months	11.00-10.90 dis	10.80-10.70 dis

Now to play a full part in Europe—PM

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. HAROLD WILSON yesterday pledged Britain to play "a full and constructive part in all Community policies and activities" following the conclusive referendum decision that the U.K. should remain a member of the European Economic Community.

Reactions to the Prime Minister's historic Commons statement, which was cheered jubilantly by pro-Marketeers in all parties, showed that leading Labour anti-Marketeers have accepted the referendum decision and now intend to campaign actively for Left-wing interests inside the Common Market.

Mr. Wilson made it clear that he would like to see some former anti-Marketeers join the Labour delegation that will now attend the European Parliament at Strasbourg. After boycotting the

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Parliament since Britain's entry to the Common Market, the Parliamentary Labour Party is expected to give the go-ahead next week for full participation.

The arrival of 18 Labour MPs at Strasbourg—probably at the July session—will mean that the Socialist parties of the Nine will form the strongest group, with a total of 67. Government whips will have the delicate task of choosing a carefully balanced delegation of Left and Right and pro- and anti-Marketeers.

One of the Cabinet's most active campaigners against membership, Mr. Anthony Wedgwood Benn, Secretary for Industry said the anti-Marketeers declared their unequivocal acceptance of the referendum decision and pledged themselves to work for success of Britain's continuing membership.

In a severe test of his Parliamentary skills, Mr. Benn faced a sceptical Commons—being broadcast live by BBC and independent radio for the first time—and urged MPs not to refight the referendum campaign.

He disclosed he had already written to Mr. Spinelli, the EEC Commissioner for Industry, to suggest talks at the earliest opportunity. As a result, a Commissioner is to visit London on Thursday.

Mr. Benn, giving no indication that he expects to be moved from his department by Mr. Wilson in the expected reshuffle, said he also intended to have talks with his opposite numbers in all EEC countries to discuss industrial policy in general and steel and regional development in particular.

The Prime Minister, who had outlined the terms of his statement earlier to the Cabinet, told MPs that what had impressed everyone in the referendum had ben the high turn-out and the "clear and unmistakeable nature of the decision," plus the consistent pattern of positive voting around the U.K.

"The debate is now over," he declared. "The historic decision has been made. I hope that this House and the country as a whole will follow the lead which the Government intends to give in placing past divisions behind us and in working together to play a full and constructive part in all Community policies and activities."

Mrs. Margaret Thatcher, Conservative leader, after praising the part played by her predecessor, Mr. Edward Heath, in the referendum campaign, said it was now vital that the Prime Minister should take the necessary steps to restore business confidence and deal with the country's economic problems. "I would expect to hear more on that in the future," she added.

U.K. unions must accept cut in consumption—BIS

BY RUPERT CORNWELL BASLE, June 9.

THE BANK for International Settlements to-day told the British labour movement that it will have to accept a drop in its real consumption as part of the cutback which the country is inexorably facing.

The remarks, in the annual report of the BIS, of which Mr. Gordon Richardson, Governor of the Bank of England, is an ex official Board member, are of a rare outspokenness for international institutions, which normally confine themselves to more or less veiled hints when they hand out economic advice.

It seems an articleof faith in labour circles, the report says, that wage increases must at least match the rise in the consumer price index, even though price increases have partly come from abroad, though money demands have been spilling over into a balance of payments deficit, and the cost pinch on profits has been drying up new investment.

"2But sure as fate, real consumption is going to have to be curtailed and the mass of labour will be obliged to shoulder its part of the pact."

The only questions according to the BIS—which is effectively the central bank of the central banks—are the extent to which the cut will come by unemployment, and the amount of financial stress the corporate sector will be forced to bear.

This unusually direct criticism of Britain tends to overshadow the other gloomy forecasts of the Bank that the world's present recession would not quickly give way to a real upswing in economic activity.

In his speech to the annual meeting, the BIS chairman, Dr. Jelle Zijlstra, Governor of the Netherlands Central Bank, was hopeful of a recovery in Germany and the U.S. later this year after the reflationary measures both had taken.

But inflation remained upparalleled for a period of quite severe

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French to rejoin Snake next week, Page 6
BIS report Page 6

recession, while the squeeze on company profits meant that investment had fallen back sharply.

It was unlikely, he said that a proper upswing was around the corner to take the industrialised countries back to full employment in the near future.

The other major theme of his address was a plea for an increase in exchange market stability and, above all, between the two dominant zones, the EEC joint float and the dollar area.

Implicitly, he called for greater U.S. support for its currency. Stressing that he did not mean a return to a par value system which was impossible with inflation at its present pace, Dr. Zijlstra said that links of France and Switzerland with the "snake" would also be a step towards greaetr monetary order.

The two blocs should then work together more closely both with monetary policy co-ordination and perhaps with more stringent common exchange controls so that exchange rate movements might reflect better the old rule of "fundamental disequilibrium."

In private, leading Central Bank Governors stress that it is now up to Britain to find a solution itself to its problems and tht outside aids in the form of credit or loans would serve no useful purpose.

However, they do point to the EEC referendum result as a boost to confidence in sterling by removing one major uncertainty. This, according to one authoritative source here, has been especially the case with Middle Eastern oil countries.

FT statistics

For the convenience of readers, a change in the lay-out of certain statistical matter has been made to-day. Prices of Authorised Unit Trusts; Insurance, Property Bonds; Offshore and Overseas Funds will now appear on the same page (to-day page 35). Regional markets will also appear on this page. These prices are being photo-composed.

The FT-Actuaries share indices will appear on the same page as the Stock Exchange market report (To-day page 34). Active stocks, options and highs and lows will also appear on this page together with the Money Market report and table.

Jam to-day in Commons radio —But is it entertainment?

BY ARTHUR SANDLES

THE BRITISH public en-masse had its first opportunity of hearing the Commons at work yesterday with a blow-by-blow live coverage of the goings-on via BBC and commercial radio.

It must have been a great disappointment for those who thought it would be all dull stuff. Dull touches there might have been, but overall it was a great deal more interesting than most weekday afternoon radio material. But perhaps it was an unfair test. In what is normally a bread and butter business, listeners were given a large portion of first-day jam.

They heard question time, including a sparkling post referendum display of cut and thrust by Mr. Anthony Wedgwood Benn, and a statement by the Prime Minister on the poll outcome which echoed with more confidence and wit than some of his other recent performances.

There was little difference between the BBC and commercial radio coverage. Independent Radio News paused from time to time for general newscasts and commercials, but the BBC ploughed on remorselessly. At one point IRN missed the remarks of Mr. Enoch Powell as a result, but the loss otherwise was scarcely noticeable.

The great contrast between both services and normal radio coverage was, of course, that the listeners heard all, and by and large could make their own interpretations. Commercial Radio's Ed Boyle intervened more often than the BBC's David Holmes to say where the cheers were coming from.

On the BBC, Mr. Benn was

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"smiling" during the discussions on the motor industry, and on LBC he was "grinning."

The BBC is providing the sound signals for both services but commercial radio can choose when and what it broadcasts.

As for the future the Corporation will offer edited recordings daily in an extended To-day in Parliament, plus news items and Independent Radio will offer live coverage from time to time, more live coverage which will be selected according to a daily news assessment.

The BBC will go "live" again on Thursday. BBC Radio Birmingham is keen to run the Stonehouse debate live, but nationally the Corporation is unlikely to follow suit. There is no disguising the fact that this is because it does not wish to foul its own Commons' nest.

The broadcast itself presented considerable obstacles for the radio men, because of the speed of Question Time and the fact that questions were not read out. This gave the commentators only a very short time in which to insert a few words of explanation.

Old hands at the Parliamentary game thought that Ministers were hesitating slightly before giving their answers, but whether this was due more to the heat of the day than an eagerness to be helpful we do not know.

The two commentators occupied a double-glazed box separated from the Commons air-conditioning by parliamentary oak and glass. They sat in sweaty closeness with telephone-type headset microphones; they could hear each other but neither's audience could hear the rival comments.

The result was an occasional ten-second gap as one commentator realised that what the other had said was important.

FEATURES

ON OTHER PAGES

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LOMBARD

Now it's 'gunboat monetarism'

BY C. GORDON TETHER

HOW MUCH credence is to be attached to Washington's story that it is auctioning off another half million ounces of the country's gold stock in order to neutralise the pressures which the importation of metal for covering the domestic supply-demand gap is imposing on the balance of payments?

Well, the saving this operation will achieve can hardly be more than about $80m. Even if the whole of the estimated domestic supply-demand shortfall during the remainder of 1975 is dealt with in this manner, the relief to the balance of payments would not exceed $500m. And, as everyone knows, the U.S. has long made a point of deliberately neglecting payments deficits running into many, many billions of dollars.

So are we to believe that it is a new-found concern about the payments position that has prompted the decision to make further inroads into an official gold stock already regarded as having reached the safety minimum—and this is the reason why the external convertibility of the dollar into gold was completely suspended in 1971? Or would it be more realistic to see this as another adventure in the "gun-boat monetarism"—as one American commentator has described it—which the White House has been resorting to since it perceived that its fight to beat off gold's challenge to the dollar was encountering more serious opposition.

To press on

No one should have any difficulty in deciding which of the two explanations is nearest the truth when account is taken of the timing of the U.S. move. For, coming on the eve of an international conference that is to concern itself with "regularising" the role of gold in the world's monetary system, the American decision to resume sales of official stocks on the private market, while hinting that more such operations will follow, appears to contain an unmistakeable message.

It is that the U.S. is still determined, for its part, to press on with the demonetisation of gold.

It is a matter for great regret that, at a time when the well-being of the entire world is coming to depend to an ever-increasing extent on sensible collaboration between the major countries in reconstructing the international monetary system, the U.S. should be indulging in behaviour so lacking in financial statesmanship. But it is important to realise that the fact that Washington is making yet another attempt to prevent control of the gold situation passing out of its hands does not mean that it can count on achieving that objective.

The first auction of gold in January did have the hoped-for destabilising effect on the open market price of gold for a time. But this was mainly because it was preceded by an immense propaganda barrage wherein the U.S. Treasury joined forces with the banking system to discourage Americans from availing themselves of their newly won freedom to own gold.

Now, with inflation continuing to erode the real value of the dollar, gold's popularity with the U.S. public has begun to revive. So a diminutive sale of official gold is hardly calculated to exert much of a downward pressure on the price.

The anti-gold lobby's reply to this is, of course, to point to the fact that there is a great deal more gold where the half million ounces to be auctioned later this month is coming from—the total U.S. stock being of the order of 276m. ounces. What they omit to mention is that, for all its enthusiasm for removing gold's threat to the dollar by getting the metal demonetised, the U.S. is just as loth as any other country to part with its remaining stocks.

A further point to notice is that any sustained unloading of U.S. gold on the open market would almost certainly produce the emergence of a latent demand of great potential importance. Many of the big holders of unwanted dollar balances, including OPEC countries, have been unwilling to give expression to their desire to exchange them for gold by the realisation that the effect would be to set the price rising steeply against them. As the success of recent South African moves to dispose of newly-mined gold without going through the market suggests, they would welcome an opportunity to acquire large quantities of metal that did not carry that risk.

Bearing in mind that the value of unwanted dollars now circulating is something like double the figure the whole of the U.S. gold stock would fetch if disposed of at current prices, Washington would do well to recognise one thing. It is that its games plan for gold now stands little chance of succeeding and that it should bend its efforts instead to co-operating with other countries in enlisting the metal's aid in restoring world monetary stability.

FILM AND VIDEO — BY JOHN CHITTOCK

A tale of two shows

ONE OF THE traditional show-places for reviewing 12 months' activity in Britain is the British Sponsored Film Festival, which ended in Brighton recently. Statistical evidence brought cause for optimism: some 199 films entered for the festival, more than ever before; and there was a record number of delegates and also more categories than before, including for the first time one for videotapes. Simultaneously held in Brighton (but coincidentally) was the *AV at Work* equipment exhibition, and here there was a note of anxiety because the exhibition was far from full—on both sides of the stands.

Implicit in this is what U.S. statistics are already showing—less buoyancy for the equipment manufacturers, but a rise in software production. Indeed, in the educational sector in the U.S. sales of software have overtaken equipment in gross turnover—$257m. against $195m., a reversal of the trend in the 1960s. American statistics also show fewer new products coming on to the market generally, except in the somewhat volatile video sector which is still a growing child and is another reason for optimism. Indeed, the technical influence of the video industry is a key factor in the revolution the AV business now faces.

Costs

For the programme producers, these market oscillations are adding to the perennial anxieties about costs. The hard base of this sector is film production—for industry, education, commerce, etc. Mostly the producers have depended on straight contract work—£8,000 for a 20-minute industrial film or even as much for an expensive 30-second TV commercial.

As production costs have gone up, however, the market has generally been unwilling to absorb the rises, so that producers have been trying to maintain the same level of quality at late 1960 prices. Mostly they have failed, and fragmentation of large units into small one-man band companies using free-lance technicians has swept the industry.

On the basis of films at Brighton this year, this cost pendulum has swung too far and too many sponsors are now getting manufactured films instead of creative solutions to serious problems. In the admission of one sponsor, the producers have abdicated to the often confused policies of the sponsoring companies instead of using their expertise to influence the sponsors. For example, the Flour Advisory Bureau's *Bread—Something of a Miracle* is an assembly of pretty pictures without cinematic logic or excitement and is so overtly preoccupied with its own sense of goodness that I found it embarrassing. Could this have been a sponsor battle lost by its talented director, Sarah Erulkar? Its underlying purpose seems to be to promote white bread—in which event it lacked subtlety.

The problems are more severe with the emergence of videotape, a medium which is too often presented to commercial users as a cheaper alternative to film. In fact, videotape is quicker to produce than film, but much more capital intensive; and the production speed is invariably a cause of corner-cutting in the vital creative planning stages—so that videotapes are rarely scripted as thoroughly as films and are frequently based on the simplest of visual ideas.

This videotape mentality is creeping into films (although it has always been present to a modest extent). Thus another Brighton film, *A Solution for Waste*, made for Southalls of Birmingham, shows the sponsor's intriguing waste compactor—a machine that reduces refuse to convenient-sized cubes. A film like this gets past the preliminary judges because the subject is novel and interesting; yet an experienced film-maker could readily spot the dozens of lost opportunities for presenting the subject more cogently and more impressively. As it stands, the film has all the faults of many videotapes—a banal visual presentation, excessive use of static camera positions so that details are left unseen, and an overall failure to use the special power of cinema to expand all of the human senses.

Such weaknesses are commonplace in sponsored films nowadays, and one is driven to seeking deeper social reasons for the change. The excuse of economic pressures is, alone, hardly reason enough. The trend is towards the plainly functional, the material, the unimaginative, the cost-effective—a leitmotiv which can be seen all around us in other activities: architecture, furniture, industrial design, even in the behavioural styles of management, employees and the family.

For those in the audio-visual business, where behavioural science, technology, commerce and creativity all combine, there is cause enough to wonder what the next five years will bring. The process of change may not, however, be irreversible. The machines may still become more sophisticated—such as the video disc player—and so numerous as to transform this cottage industry into one of economic importance. But could the trend be towards conserving quality once more?

One sponsor leading the drift away from supreme standards of quality—Shell—has just released a brand new film series that does justice to all the old traditions of that great film sponsoring company. By overwhelming public demand, the old Shell series about the principles of flight was brought back into the library after withdrawal due to its age. Now Shell has made an up-to-date series to replace it — *How an Aeroplane Flies*. Restrained, straight-from-the-shoulder, but possessed of great art in its deceptive simplicity, the four-part series is a pleasant reminder of what the documentary film should be all about. Welcome back Shell.

'British racing faces disaster'

BY MICHAEL THOMPSON-NOEL

URGENT ACTION is required if the racing industry's decline is not to deteriorate into disaster, a report published yesterday claims. Low prize money is the main cause of the industry's problems, it says. While average prize money per race in real terms has increased since 1954 by 155 per cent. in France and by 238 per cent. in West Germany, the U.K. figure has dropped by 6 per cent.

The report identifies what it describes as seven main causes of racing's accelerating decline. They include: a steady decline in prize money levels; lower earnings per horse; escalating training costs; high taxation levels and Britain's bloodstock drain.

The Crisis in Racing—Cause and Effect; Bloodstock and Racehorse Industries Confederation, Bury Road, Newmarket.

RACING — BY DOMINIC WIGAN

Price and Murray for repeat

A YEAR ago Capt. Ryan Price and his stable jockey, Tony Murray, combined to land Lingfield's 7½ furlongs Harewood Handicap with *The Godson*, and I shall be disappointed if *Town Girl* cannot follow up for them in the corresponding event to-day (3.00).

This brown daughter of Town Crier showed useful form last season to win at Nottingham and Salisbury, and on her reappearance she was far from disgraced when occupying fourth place under the formidable burden of 9 st 5 lbs, in a mile handicap won by *Quizair* at Brighton a fortnight ago.

Town Girl, who is sure to have come on considerably as a result of that outing, can win at the main expense of the Newmarket trained top weight, *Kashmir Love*, bidding for the fifth success of his career, and *Lucky Libra*, a 1½ lengths runner-up to *The Happy Hooker* at Goodwood three weeks ago.

Pat Eddery, whose only Brighton mount yesterday was the unplaced *Go Go Gunner* owned by England's soccer team captain, Alan Ball, will be hoping to resume this afternoon on a winner when partnering that tough two-year-old *Fastpad*, in the Saffron Plate (2.00).

Fastpad, third on his first two appearances, made no mistake at Folkestone eight days ago, when decisively beating *Night Club* in the Metropole Challenge Cup, and he will be at short odds to follow up. Although the Seven Barrows *Juvenile* may well do so, my own preference is for *The Tista*, who got up in the last stride at Bath a month ago to defeat *Pink Note* by the minimum distance after far from a clear run.

While Eddery is riding at Lingfield, Edward Hide—rated by many as the best bet for this season's jockeys' championship—will be in action at Lanark. The north's leading rider has secured several promising-looking mounts on the Scottish track and it will be surprising if he fails to cut back Eddery's championship lead, which stands at only two.

First mount of the afternoon for Hide is the once-raced *Blessed Spring* in the Carluke Selling Stakes (2.45). This half-sister by So Blessed to Gentle Springs, showed good speed until halfway, when eventually finishing down the field behind Doubtful Number at Thirsk and any improvement on that running ought to see her coping with to-day's weak opponents.

Blessed Spring, trained at Malton by Mick Easterby, is given a confident vote.

LINGFIELD

2.00—The Tista**
2.30—Benroy
3.00—Town Girl*
3.30—Import
4.00—Exquisite
4.30—In the Balance

LANARK

2.45—Blessed Spring***
3.15—Carnlea Music
3.45—Squire Vine
4.15—Baggin Time
4.45—Showman's Fair

ORKNEY HAS 62 FISHING CRAFT

Orkney now has a fishing fleet of 62 vessels, 19 in the 40-feet-and-over category and 43 between 25 feet and 40 feet.

The islands' development officer, Mr. Alan Coghill, has reported that last year overall value of landings of whitefish and shellfish in Orkney showed an increase; there was a drop in volume of landings of lobsters and scallops, and a slight increase in crab. The whitefish totalled £153,555 and shellfish £286,017.

SALEROOM — BY ANTONY THORNCROFT

Tiny China jar fetches £75,600

A TINY blue and white jar, measuring 6¼ inches in diameter and four inches high, and made in China in the fifteenth century, was bought for a remarkable £75,600 at Christie's yesterday. The saleroom had estimated a modest £20,000-£30,000 for the jar, which is one of only two known to exist, but strong Japanese buying pushed up prices. The jar was eventually secured by Spink, bidding on behalf of an anonymous Middle Eastern buyer.

The same buyer secured through Spink a late Ming Wu Ts'ai pear-haped bottle, 18 inches high, for £14,700, also well above the £5,000-£10,000 forecast. A feature of the sale of Chinese ceramics and works of art, which realised £187,654, was the resurgence of Japanese buying. They ensured that the good items went for comfortably more than anticipated. Only one important piece, an early Ming jar, was bought in, although some of the cheaper lots were also unsold.

There were also some startling prices at the Sotheby's sale of English enamels, the collections of the late Hon. Mrs. Nellie Ionides and the late Lord Ilford of Bury. This is an exclusively English and American market but the sale totalled £52,893, with an exceptional top price of £3,700 paid by Hakim, a London dealer, for a Birmingham nécessaire of about 1760. It contains two ink bottles and the interior is rather damaged with spilt ink. This was reflected in the modest estimate of £300-£400.

Another very high price was the £2,000 paid by W. Williams, another London dealer, for a Birmingham Fable plaque of about 1760 which had been estimated at £200-£400. More in line with forecast was the £2,100 (estimate £2,000) paid by Firminger for a large Bilston cabinet 8¼ inches high, made around 1770, while a set of two Birmingham tea caddies and a cannister of 1754 was a disappointment, fetching £1,250 from W. Williams, compared with £2,000-£3,000 suggested.

Also at Sotheby's the sale of children's books continued with Schiller, a New York dealer, paying £420 for one of the 250 first issue of the first edition of Beatrix Potter's "Tale of Peter Rabbit," printed in December, 1901. A copy from the second issue, printed two months later, was bought by Blackwell of Oxford for £300.

"The proverbs of Solomon, very commodious for the use of young children," a work of 187[illegible] was bought by Quarritch for £300. To-day the sale of juvenalia ends with the disposal of the R. L. Hadford collection of comics featuring the work of his father and uncle who drew cartoon strips between the wars.

The Sotheby sale of Greek and Russian icons totalled £107,7[illegible]. A large Russian icon of the [illegible] of St. Paraskeva, from the Novgorod School in the 1[illegible] century, went for £9,800 to Dr. Schmidt, a German collector. It had been estimated at £6,000-£8,000. Below target were the £6,200 given by the Temple Galleries for a Russian icon of the Raising of Lazarus from Novgorod, about 1500, and the £3,700 paid by Dr. Schmidt for a pair of North Russian royal doors of about 1600.

The first sale of banknotes organised by Spink, although Glendining handled the actual auction, realised £29,827. It was part of the collection of R. J. Ford of Detroit and exceeded estimate. The top price was £1,500 paid for a Mauritius 1,000 livres note of 1790, and for an uncut proof of the 1s and 2s Cyprus notes of 1919.

TV/Radio

BBC 1

† Indicates programme in black and white.

9.38 a.m. For Schools, Colleges. 10.5 p.m. Digon o Ryfeddod. 1.30 Ring-a-Ding. 1.40 Thomas. 1.45 News. †2.02 For Schools, Colleges. †3.58 Regional News (except London). 4.00 Play School. 4.25 Huckleberry Hound. 4.35 Jackanory. 4.50 Kim and Co. 5.15 Animal Magic. 5.40 Roobarb.
5.45 News.
†6.00 Nationwide.
6.50 The Little House on the Prairie.
7.40 Sykes.
8.10 Sutherland's Law.
9.00 News.
9.25 Grand Junction.
10.15 Going Places.
10.45 Midweek.
†11.28 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.40 p.m. Bilidowcar. 6.00-6.50 Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 Cwn Defaid. 7.40-8.10 Dad's Army. 10.15-10.45 Folk Scene. †11.28 News of Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 10.15-11.05 Churchill's People. 11.05-11.29 Reunion. †11.28 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 10.15-10.45 Sounding Voices. †11.28 Northern Ireland News Headlines.

England—6.00-6.50 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth). 10.15-10.45 North (from Leeds) Brass Roots; North-West (from Manchester) Ballad of the North-West; North-East (from Newcastle). Ballad of Northumbria; Midlands (from Birmingham) Countrywide; West (from Bristol) Love and Anarchy; South-West (from Plymouth) Peninsula; South (from Southampton) Chichester; East (from Norwich) On Camera.

BBC 2

†6.40 a.m. Open University.
11.00 Play School.
†5.00 p.m. Open University.
6.40 Model World.
†7.05 Open University.
7.30 Newsday.
7.45 The Story So Far....
8.10 The Tribal Eye.
9.00 "Les Quatre Cent Coups," starring Jean-Pierre Leaud.
10.35 A House Full of Otters.
11.00 News Extra.
11.25 Closedown: Leslie Sands reads "A Gentleman Comes to Tea" by Derek Neville.

LONDON

9.30 a.m. Schools Programmes. 12.00 Pipkins. 12.15 p.m. Matt & Gerry Ltd. †12.30 "The Trap," starring Sandra Dorne. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 A Taste of the South. 2.00 Good Afternoon. 2.30 World in Action. 3.00 What Shall We Tell The Children? 3.45 Cartoon. 3.55 Quick on the Draw. 4.25 The Flintstones. 4.50 How. 5.20 Shang a Lang.
5.50 News from ITN.
6.00 To-day.
6.25 Crossroads.
6.50 Tuesday Star Movie: "Operation Crossbow," starring Sophia Loren and Trevor Howard.
9.00 Edward the Seventh.
10.00 News.
10.30 Class Roots.
11.15 Checkmate.
11.45 The Inward Eye.

All ITV Regions as London except at the following times:—

ANGLIA

12.30 p.m. Centralia. 1.25 Anglia News. 2.00 Houseparty. 3.00 Randall and Hopkirk (Dec'd.). 4.25 Wait Till Your Father Gets Home. 6.00 About Anglia. 7.00 Cartoon. 7.35 Mystery Movie: MacMillan and Wife. 11.15 Reflection.

ATV MIDLANDS

12.30 p.m. World in Action. 1.20 Lunchtime Newsdesk. 2.30 Double Diamond Snooker Championship. 4.25 The Partridge Family. 6.00 ATV Today including Police Five. 7.00 Cartoon Time. 7.10 Tuesday Mystery Movie: McCloud. †11.30 Twilight Zone.

BORDER

12.30 p.m. World in Action. †1.25 Border News. 2.00 Houseparty. 2.30 Snooker: The Double Diamond Snooker Team Event. 4.25 The Woody Woodpecker Show. 6.00 Border News and Lookaround. 7.00 Mr. and Mrs. 7.30 Cartoon Time. 7.35 Mystery Movie: "Heat Wave." †11.30 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's on Where. 3.00 Riptide. 4.25 Wait Till Your Father Gets Home. 6.00 Report at Six. 7.00 Curtain Raiser. 7.10 Mystery Movie: MacMillan and Wife. 11.15 Visages de France.

GRAMPIAN

12.30 p.m. World in Action. 1.20 Grampian News Headlines. 2.00 Houseparty. 2.30 Double Diamond Snooker Team Championships of Great Britain. 4.25 Skippy. 6.00 Grampian News. 6.10 Anna and the King. 7.00 Marc Time. 7.30 Cartoon Time. 7.35 TV Movie—McCloud. 11.15 Evening Prayers.

GRANADA

12.30 p.m. The Smith Family. 1.20 This Is Your Right. 3.00 Boney. 4.25 Wait Till Your Father Gets Home. †5.15 Chucklebeads. 5.20 Crossroads. 6.00 Granada Reports. 6.35 University Challenge. 7.05 Cartoon. 7.10 Suspense Movie: "Jigsaw" starring Vera Miles. 11.15 Wrestling.

HTV

12.30 p.m. The Best of Focus. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 2.30 Bygones. †3.00 Danger Man. 4.25 The Osmonds. 5.20 Help! 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 The Protectors. 7.05 Winner Takes All. 7.35 The Tuesday Western: "The Devil and Miss Sarah" starring Gene Barry.

HTV Cymru/Wales—As HTV General Service except:—1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.35 Miri Mawr. 4.35-4.50 Miri Mawr. 6.01-6.18 Y Dydd. 7.05-7.35 Sale of the Century. 10.30-11.15 Dan Sylw. 11.15-11.45 World in Action.

HTV West—As HTV General Service except:—1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

12.30 p.m. World in Action. 1.25 Road and Weather Report. 2.00 Housecall. 2.30 Double Diamond Snooker Championships of Great Britain. 4.25 Elephant Boy. 5.20 Kiri. 5.25 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 7.00 The Stanley Baxter Moving Picture Show. 8.00 Feature Film: "The Man In The Back Seat" starring Derren Nesbitt. 11.15 Late Call. 11.20 Wrestling.

SOUTHERN

12.30 p.m. Move Along Please. 1.20 Southern News. 2.00 Houseparty. 3.00 Department S. 4.25 The Flintstones. 5.20 Dodo. 5.25 Crossroads. 6.00 Day By Day. 6.05 University Challenge. 7.15 The Tuesday Film: "Kaleidoscope," starring Warren Beatty, Susannah York and Eric Porter. 11.15 Wrestling. 12.00 Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 12.30 p.m. Here Comes the Future. 2.00 Houseparty. 3.00 Department S. 4.25 Castaway. 6.00 Today At Six. 7.00 New Who Do You Do? 7.30 Betty Boop. 7.35 McCloud. 11.15 Late News Extra. 11.30 Understanding.

ULSTER

12.30 p.m. World in Action. 1.20 Ulster News Headlines. 2.00 Houseparty. 2.30 Snooker. 4.23 Ulster News Headlines. 4.25 Woody Woodpecker Show. 6.00 Summer Reports. 7.00 Bridget Loves Bernie. 7.30 Tuesday's Film: "The Smallest Show on Earth," starring Peter Sellers.

WESTWARD

12.15 p.m. Gus Honeybun's Birthdays. 12.30 The Adventurers. 1.20 Westward News Headlines. 3.00 Riptide. 4.25 Wait Till Your Father Gets Home. 6.00 Westward Diary. 7.00 Curtain Raiser. 7.10 Mystery Movie: McMillan And Wife. 11.15 Westward Late News. 11.18 Faith for Life.

YORKSHIRE

12.30 p.m. Here Comes the Future. 3.00 Department S. 4.25 Castaway. 6.00 Calendar. 7.00 New Who Do You Do? 7.30 Cartoon Time. 7.35 McCloud. 11.15 You and Your Golf.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett, including Top 30 discs and at 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) also on VHF. 5.00 Newsbeat. 5.15 Alan Freeman: Youth Club Call. 7.00-12.33 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S). 6.15 Pause for Thought. 7.02 Terry Wogan (S). 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jean Challis (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland) 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S), including at 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Beat the Record. 7.30 Sports Desk. 7.32 Sing Something Simple (S). 8.02 The Musical World of Robert Farnon with the BBC Radio Orchestra (S). 9.02 The Impresarios. 10.02 Sports Desk. 10.05 Colin Berry with Music Through Midnight (S) and 12.00 News. 12.33 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Overture: Schubert, Bach, Mendelssohn (S). 8.00 News. 8.05 Morning Concert: Carl Stamitz, Dussek (S). 9.00 News. 9.05 This Week's Composer: Michael Haydn (S). 9.35 Mendelssohn's Piano Music (S). 10.25 Handel: The Chandos Anthems (S). 11.40 Music for Violin and Piano (S). 12.20 p.m. Orchestral Concert: J. C. Bach, Karel Husa (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Concert, part 2: Dvorak (S). 2.20 Music in our Time (S). 3.20 Melody (S). 4.00 Brahms Sonatas (S). 4.55 Jazz To-day (S). 5.25 Great Pianists. ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Study On 3. 7.30 Llandaff Festival from Llandaff Cathedral (S). 8.15 Jacob Bronowski in conversation. 8.35 Llandaff Concert, part 2 (S). 9.30 World Drama: "Electra," by Sophocles (S). 10.55 Elgar's String Quartet in E Minor (S). 11.25-11.30 News.

Radio 3 VHF only—5.45-7.30 a.m. and 12.00-1.00 a.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today including 6.50 and 7.50 (VHF) Regional News. 6.55 Weather, programme news. 7.00 News and more of Today including 7.27 Sportsdesk, 7.35 Today's Papers. 7.45-7.50 Thought for the Day. 7.55 Weather, programme news. 8.00 News and more of Today. 8.30 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call: (from 9.20). ‡10.00 News. ‡10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story from Northern Ireland. ‡11.00 News. ‡11.05 Celebration: Rodgers and Hammerstein. 11.45 James Cameron with Sound Archive Recordings. 12.00 News. 12.02 p.m. You And Yours. 12.27 Dad's Army. ‡12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00) including 2.00-2.02 News. ‡2.45 Listen With Mother. 3.00 News. 3.05 The Charterhouse of Parma. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 My Music! (S). 6.45 The Archers. 7.00 News Desk. 7.30 Llandaff Festival part 1 (as Radio 3) (S). 8.15 Jacob Bronowski: (as Radio 3). 8.35 Concert part 2, (as Radio 3) (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World To-night: Radio 4's International Business Report: Market Trends. 11.15 Today in Parliament. 11.45 News.

For Schools: VHF only—9.20 a.m.-11.40 a.m. and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.30 Downtown. 11.02 In Town. 12.03 p.m. Call In—1. 12.34 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 4.03 Matter of Fact. 4.32 Home Run including London News Desk at 5.00, 6.00. 7.00 In Town. 8.00 Lobby. 8.30 All That Jazz. 10.03 Mike Sparrow's Late Night London. 12.00 As Radio 2 until closedown.

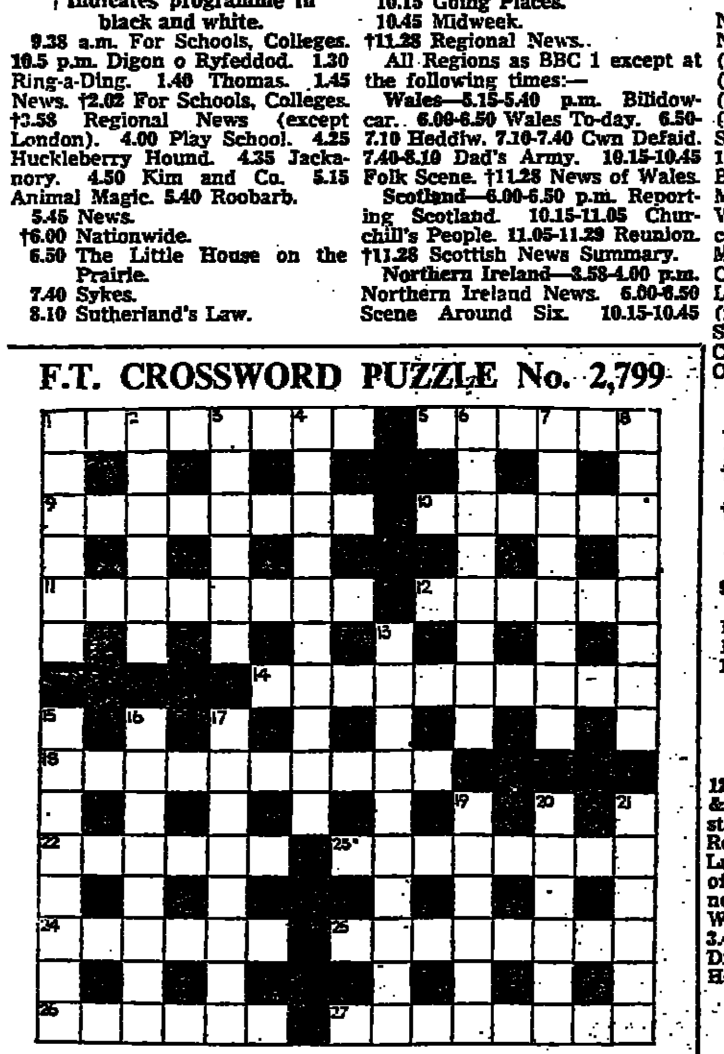
London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "AM": London's breakfast-time news show, with interviews, traffic and travel service, plus sport, with Douglas Cameron and Clive Roslin. 9.30 Parliament from the Inside—LBC's morning report on the House of Commons at work. 10.30 Open Line—London talks to George Gale. 12.00 Newswatch plus live reports from the House of Commons, including at 3.15 Prime Minister's Question Time. 6.00 Newsbreak. 7.30 London Matters. 9.00 Love in London. 1.30-6.00 a.m. Nightwatch—News every half-hour.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 2½ hours of music and madness. 9.00 Michael Aspel with music, Features, Advice and Swop-Shop. 12.00 Cash on Delivery with Dave Cash. 3.00 p.m. Roger Scott with Music. 7.00 London Today. 7.30 Open Line. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,799



ACROSS

1 Corny establishment takes stock of powerful stream (4, 4)
5 Battle doctor gets in habit (6)
9 Act before election by way of legal instrument (4, 4)
10 Way a hardened prisoner takes to POW camp (6)
11 Definite remedy (8)
12 Lamb joint made clean for confession (6)
14 Utility of crying (10)
18 Inflammatory material could affect journal's feelings (5, 5)
22 Striking when I'm taken off working as a model (6)
23 Plant given by divine creature to one accountant (8)
24 Six sufficiently equipped to be workable (6)
25 Salad made at old king's command (4, 4)
26 Jacket for one on the rocks (6)
27 Boisterous character pays rent abroad (8)

DOWN

1 Gorgon going from sea off Naples to the States (6)
2 Songs that told stories to the Queen (6)
3 Commercial with some help settled debts (6)
4 Say Tuesday is the time to stop (4, 2, 1, 3)
6 Become too big for rug now to be altered (8)
7 Shot fired by article on uninteresting narrative verse (8)
8 Oddly enough the TT eight's drunk the most (8)
13 Tidal wave cut by northern drill (6, 4)
15 Break for the night in bar across the way (4, 4)
16 Foolish practice taking pots at birds (4, 4)
17 Lichen converted by the French into velvety material (8)
19 Archdeacon always seen in a thin coat (6)
20 Head rest for inhabitant of 10 with poorly inside (6)
21 American girl on road to part of Ireland (6)

SOLUTION TO PUZZLE No. 2,798

SESAME■ONEMATCH
A■E■O■■■O■A■R■A
COMPLY■BOOKWORM
K■A■E■M■K■E■U■N
BYPASSES■CASTLE
U■H■T■N■C■W■■■R
TROY■STEALAKISS
■■R■M■I■R■Y■D■■
THEHONOURS■ALEC
O■■■N■N■Y■E■E■O
PIPKIN■POORSHOW
I■A■T■P■N■R■A■S
CORPORAL■DARNEL
A■E■R■P■■■T■D■I
LODESTAR■CATSUP

هكذا ان الأمل

Aldeburgh Festival

Aldeburgh opened on Friday with joyful sun and royal skies. This caused the locals to worry about the lack of rain for spring corn, and has not entirely obscured a nagging worry for Aldeburgh and its faithful visitors, concerning the lease of the Snape Maltings, Britain's most pleasant and versatile concert hall.

Meanwhile this is a comparatively quiet festival, with no new English Opera Group productions, but a couple of recitals by Richter and a modest new orchestral suite by Britten next Friday. Peter Pears is busy as ever (sketchy in voice, but artful as usual) singing in seven events, and sharing into the programme the endearing diary he kept during *Death in Venice* at the Metropolitan. (We await his autobiography more than that of any other British musician!) Aldeburgh's box office seems very healthy: one seat for the price of two more likely than two for the price of one — *pace* Glyndebourne? Prices are low —average top £3 to £4.

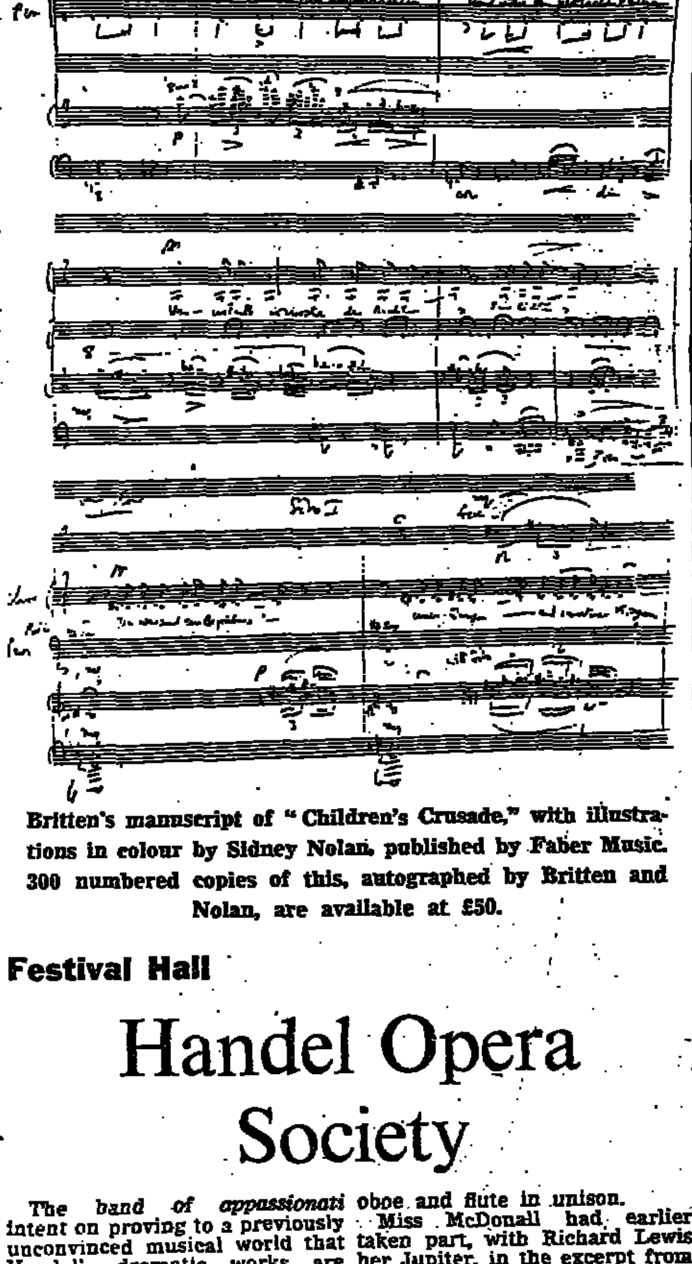
The opening concert on Friday was bravely planned. Not one of those large attractions, but a modest, interesting Jubilee Hall evening of chamber music in Aldeburgh's traditional "Publisher's Choice" format, featuring the House of Novello. Peter Pears opened the concert with a long Purcell part-song, *Since God so tender a regard.* Rather a plodding piece, arranged for the occasion as a tenor solo because Vincent Novello acquired the manuscript for his 1828 five-volume *Complete Sacred Music of Purcell* from the Rev. James Pears of Bath, our host's great-great-grandfather. Sterndale Bennett and Parry represented lowly Victoriana; Parry's chord-rambling as still practised by most organists over 50 during the Matins collection. With more than a little irony, Mr. Pears rejected his second Parry song in favour of a stirring number, "To Anthea," the most famous song by John Liptrot Hatton (died Margate 1886), much favoured by the 19th-century baritone Charles Santley. This was probably not published by Novello; and to tell the history of Novello properly, one would have to include a considerable number of works not published. Also to chart the days before the Performing Rights Society, when money-spinners like *Salut d'amour* were bought outright from the composer for a fiver.

But Novello has recently become a more adventurous house —just in time, for the Elgar copyright expires in 1984. Ralph Holmes and Anthony Goldstone played Elgar's Violin Sonata, *Elgar as the English Brahms,* oblivious of *The Rite of Spring.* Goldstone played Bliss' last work for solo piano, *Triptych,* written *in 1970; not the best of Bliss,* frankly; rather like blustery Medtner.

Novello has fared better in the past couple of years with younger composers, and particularly with John McCabe whose horn trio ended the programme, played by Ifor James. Entitled *Dance Movements,* this is a 23-minute piece tight with rhythmic vigour and deft imagination in a candid, astringently melodic idiom. McCabe announces his material very clearly, making bold use of the horn's grim, grotesque character when combined with *violin and piano, and also of that* lonely, soulful quality explored by Britten in his works for horn and tenor.

Richard Rodney Bennett has recently moved from Universal Edition to Novello, and was presented by the première of an elegant 15-minute piece for counter-tenor with lute interludes and accompaniment. Four English texts, ranging from Dryden to Sitwell, as word setting, *distinctly English* in inflection, the voice hovering in seconds and semitones, and occasionally reaching out for an octave, ninth or seventh, like early Britten and Walton. The lute provides only a fragile support, often no more than a gentle chord; and the piece needs impeccable pitch *to make its full* effect. James Bowman sounded slightly uncertain, but given a couple more performances should be well pleased with this cool-lipped work, and especially its effective morendo ending.

GILLIAN WIDDICOMBE



Britten's manuscript of "Children's Crusade," with illustrations in colour by Sidney Nolan, published by Faber Music. 300 numbered copies of this, autographed by Britten and Nolan, are available at £50.

Festival Hall

Handel Opera Society

The *band of appassionati* intent on proving to a previously unconvinced musical world that Handel's dramatic works are living theatrical experiences and not dead exhibition pieces, is now 20 years old. Its birthday, celebrated on Friday at the Festival Hall, followed a scheme of highlights from the more familiar of the masterworks, with three singers who have done (and been done by) the Society splendid service, the musical director and president to share the conductor's post, and the HOS Chorus and English Chamber Orchestra on which to base the proceedings. It was the all-Handelian equivalent of a Grand Vocal Concert; and if it was rather a long evening, with perhaps one aria too many for each soloist (from *Alcina, Rodelinda, Radamisto,* and *Scipione,* among others), it was also an evening of delight, beautiful singing, and the abundance of moods, colours, tones and humours that one of the greatest and most all-embracing of musical dramatists knew how to convey.

One of the singers, Lois McDonall, was an unexpected though very welcome guest, stepping in for the indisposed Elizabeth Harwood as handsomely as she had done into the Society's *Atalanta* production in 1973. After the opening *Acis* Overture, in which Charles Farncombe *obtained some deliciously* springy playing, she sang an expressive verse in the middle of the "Pleasures of the plains" chorus, and then proceeded to a largely phrased, pathetic and finely-shaped account of Alcina's mighty "Ah! mio cor." Miss McDonall's sense of style is impeccable, her enunciation less so and the occasional notes clouded over; but in two airs from *Solomon* she was unaffected and true, matching (in the second, "Will the sun forget?") her tone to the extraordinary instrumental colour given by oboe and flute in unison.

Miss McDonall had earlier taken part, with Richard Lewis her Jupiter, in the excerpt from Act 2 of *Semele* (in which she had been one of the *few saving* graces of that wretchedly misguided Coliseum production a while ago). For many people *Mr. Lewis's* must be the voice heard singing "Where e'er you walk" in their imagination, and though on this occasion he did so with less than former bloom, the vocal distinctness and clarity and the unexaggerated eloquence of diction were still there to remind one of a great Handelian tenor. He and Philip Jones trumpeted Tiridates's big D Major display aria from *Radamisto* with plainly tremendous relish *in its bellicose* brilliance.

Janet Baker, third and most acclaimed singer of the evening, was not in best form *in three* each of arias as the titular heroes of *Orlando* and *Ariodante* —there were unusual touches of chalk in the vocal *projection.* With Sir Anthony Lewis (there as reminder of past triumphs the two shared in Handel), she nevertheless conspired, *through* the force of her declamation and unstinted passion of delivery, to convince one otherwise. Ariodante is one of Handel's finest roles, and the three arias presented here encapsulate something of its depth and specificness of characterisation — *blithe* in Act 1, grand in remorse in the Act 2 plaint "Scherza infida," exultant at the end of Act 3. Miss Baker encompasses *every* strain of feeling even when tone is not ideally full, and by the third Act aria "Dopo notte," she had mastered problems enough to fling out the display with sparkling lightness. This was the high point of an evening full of causes, as the past 20 years have been, for praise of the Handel Opera Society's achievement.

MAX LOPPERT

Anthony Crickmay

Mea Venema, Jeanne Solan, Jon Benaoit and Harmen Tromp in the Nederlands Dans Theater's "La Cathédrale Engloutie", in their opening programme at the Sadler's Wells Theatre last night

French furniture at Waddesdon Manor

by DENYS SUTTON, Editor of Apollo

The taste for eighteenth century French furniture forms one of the most brilliant chapters in the history of English collecting, a tradition that now looks as if it is coming to an end in view of the proposed wealth tax and other measures dictated by the philistinism and envy of the Left.

In the eighteenth century a Paris dealer such as Dominique Daguerre formed a number of English clients including the *Dukes* of Bedford and Northumberland and Earl Spencer. But the main period when the delectable products of the well *organised French furniture* trade were collected in England occurred as a consequence of the French Revolution, when quantities of the finest examples came into the market.

One of the main buyers was George IV who had an excellent eye and was well advised. He was by no means the only Engishman to take advantage of a situation when it was possible to acquire remarkable pieces at modest prices. Although many of the treasures bought then have now left the country, England still possesses some remarkable pieces—those belonging to HM the Queen, and the Wallace Collection and at Waddesdon Manor. The last-*mentioned collection was given* to the National Trust by the late James de Rothschild.

The outstanding furniture at Waddesdon, which is mainly French, forms the subject of an exemplary catalogue by Geoffrey de Bellaigue, the Surveyor of the Queen's Works of Art, who may be said to have established his reputation with this grand publication.

It is a two-volume work, rich in illustrations in both *colour* and black and white. It has been published by the Office du Livre for the National Trust at *a price of about £55*—the price quoted in Swiss francs depends on the fluctuations of the foreign exchange market.

Most of the furniture was acquired by Baron Ferdinand de Rothschild (1839-1896), but other important items were secured by his sister Miss Alice de Rothschild (1847-1922) and his first cousin, Baron Edmond de Rothschild (1845-1934). Baron Edmond's collection was inherited by his son James de Rothschild.

Baron Ferdinand and Baron Edmond were collecting at the same time—that is to say during the years after 1870, when a growing number of outstanding pieces became available. Baron Ferdinand, who had a keen sense of history, considered that three main factors favoured his pursuit

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—*the agricultural depression,* Lord Cairns' Settled Land Act of 1882 and Sir William Harcourt's 'Death Duties Budget' of 1894. These events set the stage for the gradual dismemberment of the hereditary collections.

By no means all the former owners of the furniture at Waddesdon Manor are known. Baron Ferdinand, his agents and the vendors were rightly secretive about such transactions. In an interesting essay, describing the growth of the collection, Mr. de Bellaigue supplies useful information about the men who assisted Baron Ferdinand: these included Frederick Davis, Alexander Barker and the Wertheimers.

Baron Ferdinand did not entrust one dealer with the task of building up his collection. Like Lord Hertford, he was in command of operations and selected his purchases. He knew personally many of the owners *who were compelled to dispose* of their possessions and their pang in selling must have been in some ways assuaged by the knowledge that they were going to a true collector.

Baron Ferdinand pointed out that his family was the first to revive "the decoration of the eighteenth century in its purity, reconstructing their rooms out of old material, reproducing them as they had been during the reigns of the Louis, while at the same time adapting them to modern requirements." This is largely speaking true and a visit to Waddesdon Manor provides a glittering introduction to the arts of the *ancien régime.* There can be seen some of the masterpieces of men such as Cressent, Carlin and Riesener, craftsmen of the highest rank.

Mr. de Bellaigue has long made marquetry his special subject and the section about this aspect of furniture-making is most informative It is fascinating to see how the use of prints gave a visual character to furniture. It is tempting to wonder if the use of floral motifs forms one of the sources for Art Nouveau. In any event the con*tinuity of design in French* art is notable and is emphasised by the skilful manner in which bronzes d'ameublement were made in the 19th century

The author deserves warm congratulations on a magnificent work of scholarship He has spared no pains digging out fascinating information from archives and sale catalogues. The result is a book that is more than a catalogue; it is one that provides unusual and interesting information about the social and artistic life of the period. In fact many of the entries are short essays in their own right such as that describing the Beaumarchais desk. He also supplies a useful appendix concerning the dealers of the day such as Daguerre, Lazare Duvaux and Poirier.

Many of the choicest pieces in the collection once belonged to members of the French royal family and the details about their ownership are intriguing. The author has also made good use of French memoirs, notably those of Madame d'Oberkirch. In doing so he follows in the *footsteps of Baron Ferdinand* who correctly wrote in his book, *Personal Characteristics of French History* (1896), ". . . the memoirs and letters of that period are still a source of unceasing delight. . . . Their style is exquisite, they are replete with information concerning the history, politics and customs of the period."

Roll-top desk attributed to J. H. Riessener, probably made for Mme. Adelaide, one of Louis XV's daughters

Russell Heritage at Woburn

There will be an exhibition of rare treasures at Woburn Abbey from July 4-11 as a contribution to the European Architectural Heritage Year. It will include *a number of pictures not usually* on view to the public, and a collection of archives, royal charters, old maps, prints and drawings. There is a series of paintings showing how Covent Garden (built for the Earl of Bedford in 1635 and owned by the Russells until 1914) has *changed over the past three cen*turies. The original plans of Bedford Square will be there, with Gainsborough's portrait of the Duchess of Bedford who planned it in 1775.

Cole and Son have mounted an exhibition showing the history of wallpapers since Henry VIII's time, and Kodak has supplied 250 photographs of British architecture.

Battersea Park

Makarova and Dowell

by CLEMENT CRISP

The *Giselle* in the Royal Ballet's tent on Saturday night seems to me one of those rare occasions when a performance transcends every circumstance, and a work of art is reborn. No matter that we were under canvas, that scenic effects were less than ideal; Natalia Makarova and Anthony Dowell brought such passion, such physical grace to their roles, they responded to each other's playing with such sensitivity, that the old ballet lived as if new-made for them.

That Marakova is a uniquely gifted dancer is a common-place, but I am more than ever con*vinced that her greatness* lies not just in her use of an exquisite physical instrument, or in her dramatic-expressive power, but in something finer even than these. Hers is that ultimate genius of the performer who can show us the inner life, the very soul, of a character.

In the first act of *Giselle* her peasant girl is shy, tender—as are many other interpreters' readings. But Makarova suggests how Giselle exists most intensely in a private world of love offered and reciprocated in which she and Albrecht are isolated from the mundane surroundings of cottage and woodlands. With Albrecht her shyness soon melts into radiant happiness; she glows with joy, and Dowell's Albrecht, at first slightly amused by his flirtation, is soon entranced with her.

Away from Albrecht, in the "real" world, Giselle is sweetly innocent, and the dancing conveys just this lyric prettiness so that even the virtuoso hops on point in the first act solo are *made to seem artlessly charming.* But it is the intensity of the inner feelings that heightens every step, every response later in this act. Hilarion's approach with the fateful sword makes Makarova draw back sharply from his touch; disbelief sends her flying to Albrecht's arms for reassurance and safety.

The onset of madness is an attempt to return to her private world of happiness, but is shown *to us now as a nightmare place.* The hands that once plucked the flower petals so lightly tear dementedly at the air, and the flight *from memory is an agon*ised dash through the encircling crowd. At every moment Makarova compels belief. And so *does Dowell. More* than any Albrecht in my experience, he makes us aware how the young man lives on the edge of fear *of discovery,* and how his passion for Giselle is stronger than he has realised. With Giselle dead, Dowell's outburst of fury with Hilarion, and his own *grief,* were marvellously apt in psychology and expression.

The second half of *Giselle* is a mirror image of the first: the girl destroyed by Albrecht must now save him from destruction. The link between the acts is Giselle's literally undying affection, and Makarova becomes the incarnation of protective love. It is in Act 2 that the full splendour of her dancing can be appreciated. From the moment she is summoned from the grave and the weight of earth is removed from her, Makarova's Giselle is a being of the air. The incomparable lightness, the dancing that passes beyond technique, present us with a Wili barely poised on the ground.

It is, on its most mechanical terms, a matter of a torso magnificently taut, "pulled-up"; *of a plié* that melts into the ground as the body drifts down from a leap; of soaring elevation, and of phrasing that gives us not mere sentences but paragraphs of movement. It is steps taken high and airily; arms that drift and hover over the exhausted Albrecht. More importantly it is a matter of a supreme dance intelligence that can make poetic illusion real for an audience, making the impossible true for us.

Dowell's Albrecht is in every way as fine. The haunted youth who brings lilies to the grave is the embodiment of Romantic passion; standing in the protection of the cross his hands sketch the outline of Giselle's arms as if they are impalpable. The ardour and suffering of his leaps in the solos are the perfect realisation of the frenzy that Gautier called for in his original scenario. The leave-taking is magically right: it is as though Albrecht had imagined Giselle's *presence throughout the scene* and now wakes from a dream of the night's terrors. And at curtain-fall we are left with a sense of gratitude and joy: in performances such as these ballet's classic inheritance is still living and vital.

June calendar for Jazz Centre Society

American pianist Dick Wellstood will be appearing at the Seven Dials, Shelton Street, WC2, on Thursday June 19 at 8.30 p.m. He will be playing solo piano. On the following Tuesday at the Round House, the Mike Westbrook orchestra will play its first London concert of 1975. It is one of several the band is giving in June and July in venues as far apart as Plymouth and Newcastle.

Further details about June sessions under JCS auspices can be obtained from the Society at 12, Carlton House Terrace, London, S.W.1. (930 4261.)

The London Museum closes

The London Museum at Kensington Palace has closed to the public. It was opened by George V and Queen Mary in 1912. In 1913 it became a National Museum under Treasury control, although its character has always been that of a local history museum for London.

Together with the former Guildhall Museum, the London Museum will re-open as the Museum of London, in new premises in London Wall, E.C.2, at the end of 1976.

WORLD TRADE NEWS

ICELAND'S FERRO-SILICON PLANT

Getting away from fishing

BY WILLIAM DULLFORCE, RECENTLY IN ICELAND

UNION CARBIDE of New York has just signed an agreement with the Icelandic Government for the construction of a $68m. ferro-silicon plant at Grundartangi, on the coast north of Reykjavik. It will be Iceland's second major industrial project, following the commissioning in 1969 of the Alusuisse aluminium smelter at Straumsvik, south-west of the capital. The Government plans to attract further power-intensive undertakings to Iceland during the next two decades in a programme to develop the country's vast, unexploited hydro-electric resources, and to diversify the economy away from its dependence on fishing.

The U.S. corporation and the Government will form Icelandic Alloys with an initial share capital of $24m., of which the Government will subscribe 55 per cent. in Icelandic kronur. Union Carbide will get shares worth $3.2m. in exchange for its technological know-how contribution and will, therefore, pay in cash only $7.6m. for its 45 per cent. of the equity. It is estimated that credit financing of some $60m. will be needed.

The plant will be designed for an initial annual capacity of 47,000 tonnes 75 per cent. ferro-silicon and related products and should be commissioned early in 1977. It will consume about one-third of the power from the 150-MW Sigalda hydro-electric plant now being built by Yugoslav contractors and due for completion next year. Under its agreement with the Government Union Carbide will be paid a "technical fee" equal to 3 per cent. of the aggregate annual sales of Icelandic Alloys and its European affiliates will have the exclusive sales rights to the plant's products with a commission rising from 3 per cent. on the first 10,000 tons to 5 per cent. on annual sales above 30,000 tons.

Criticism

The Union Carbide agreement has been criticised on environmental grounds and by opposition politicians who object to the import of foreign, particularly American, capital, but the National Power Company is planning a further expansion of the country's hydro-power system, including a 132-kW power line linking the Reykjavik area with the north of the country, which would allow for the introduction of more power-intensive projects based on the import of raw materials to Iceland for processing and re-export. Tender documents have already been prepared for a power plant at Hrauneyjafoss, a third stage in the development of the Thjorsa River, following the Sigalda plant and the earlier 210-MW Burfell plant

For domestic political reasons attention is being switched to the north, where work will start this year on a 55-MW geothermal plant with a connection to Akureyri, Iceland's second largest town. The next major hydro project is also likely to be in the north, on the Blanda River, if the National Power Company's proposals are accepted. The company's current computations provide for a doubling of Icelandic consumption on the general market from the 1973 level to 5,000 KWh per person per year by 1985, bringing the country to the present level of such high energy consumers as Norway and Sweden. Expansion on this scale would offer some 800 Gigawatt hours (1 GWh=1bn. watts) per year for the use of power-intensive industries after the completion of Hrauneyjafoss in 1979, 1,600 GWh after the commissioning of the Blanda project and a total of 2,000 GWh by the middle of the next decade, if the Thjorsa River development continues and a second geothermal station is built in the south at Hengiil.

There has been increasing foreign interest in utilising Iceland's energy potential for power-intensive industries, in particular from the other Nordic countries. Mr. Johannes Nordal, chairman of the National Power Company, has posited the construction of a 50-60,000-ton aluminium smelter consuming 800-900 GWh a year, at Eyjafordur in the north, in connection with the Blanda River development. Norsk Hydro is among the companies which have started to investigate the opportunities available in Iceland.

Energy

The National Power Company estimates that its development programme would demand an average annual investment of some Ikr.8bn. (£22.8m.) during the 1975-79 period and Ikr.9bn. a year during the next five years. Money on this scale is not available in Iceland and the country's present unfavourable balance of payments puts it at a disadvantage in foreign credit markets, but a significant plus factor is the high return in foreign earnings which could be anticipated. Mr. Nordal believes the country's net foreign income from power-intensive industry could reach Ikr.7bn.-8bn. at present cost level by 1984, if the development programme is carried out.

India worried by big fall in key textile exports

BY D. P. KUMAR

NEW DELHI, June 9.

TEXTILE exports from India have been declining rapidly since December. Exports in that month totalled Rs.258m. and they fell to Rs.160m. in March and further to Rs.120m. in April. In 25 days of May, textile exports were worth only about Rs.80m.

The Government had set a target of Rs.3bn. for textile exports (excluding handloom items) for the current year, which meant a monthly average of Rs.250m. In no month have textile exports touched this figure since January.

The decline is attributed to severe competition from countries like South Korea, Taiwan and Hong Kong. Brazil is a new entrant into this field and has set up a big production base for cotton textiles. Since these countries do not have a sizeable domestic market, as India has, they have been giving various incentives for exports which are difficult for India to match.

Yet, since textile exports account for about 10 per cent. of the country's total foreign exchange earnings, the Government has to act quickly to arrest the fall. The Cabinet Committee on exports will meet on June 12 to adopt measures to make Indian textiles competitive.

Since cotton prices in India are higher than world prices, there is a proposal is to supply raw cotton to exporting mills at international prices. Last week, the Government abolished the export duty (Rs.600 per tonne) on hessian to enable Indian hessian to compete with synthetics in world markets, especially Canada and the U.S.

This was the second concession given by the Government to the jute industry.

$1bn. French loan for Poland

BY LESLIE COLITT

BERLIN, June 9.

FRANCE is prepared to extend a line of credit to Poland worth about $1bn., according to knowledgable trade sources in Eastern Europe. Announcement of the credit arrangement, if it can be finalised by then, could come during the visit this month to Warsaw of the French President, M. Giscard d'Estaing when he makes a three-day state visit beginning June 17.

The credit terms are the key to the agreement; if an acceptable rate has been reached, this has not yet been disclosed. The credit is certain to be tied to large-scale Polish purchases of French products.

Paris is said to be disappointed at the low level of Franco-Polish trade, which amounted last year to Frs.2bn. West Germany has become Poland's leading trade partner in the West and is now second only to the Soviet Union, with bilateral trade running at DM5bn. France ranks fourth in trade among Western countries with Poland, after West Germany, U.K. and the U.S.

In addition to the possible credit announcement, France is expected to spend a ten-year economic and technical co-operation agreement with Poland similar to other such arrangements between Communist and Western countries.

Major anomaly in Egyptian foreign investment laws detected

BY MICHAEL TINGAY

CAIRO, June 9.

EGYPT'S FOREIGN investment programme has developed slowly because of an anomaly in Egyptian investment laws which make dividends on joint projects less attractive, it is learnt here from international banking sources.

The anomaly is, in fact, a failure in Egypt's Investment Law 43 of 1974—which covers foreign investment—to clarify exactly how payments of dividends would be made to foreign investors. An investor making a 50 per cent. contribution in hard currency to a project with an Egyptian partner transferred at the official rate would, as the law stands, receive any dividend on his investment in money exchanged at the higher incentive rates. Varying from day-to-day, Egypt's parallel rates of exchange are approximately £1=91 piastas at the official rate and £1=133 piastas on the incentive rate.

Banking circles are worried by the fact that payment of a 20 per cent. dividend in a 50-50 project would be worth 20 per cent. to the Egyptian partner while the foreign investor would receive his dividend in hard currency exchanged back at the higher rate, thereby giving him an investment return about a third less. A dividend of 20 per cent. would be less than 14 per cent. when actually paid.

If such a state of affairs were continued this would make Egyptian investments a less attractive proposition and difficult for the banker to sell to investors. However, authoritative economic sources, while confirming the anomaly, believed the situation will change in the near future.

Japan market for machine tools

BY PETER DUMINY

TOKYO, June 9.

THE JAPANESE market still presents great opportunities for exporters of precision instruments and probably many other machine tools, according to two Leicester companies which staged a joint exhibition at the British export marketing centre in Tokyo at their own expense last week. The seven-day exhibition, for which 7,000 invitations were sent out, ended last Saturday.

The companies are A. A. Jones and Shipman (grinding equipment) and Rank Taylor Hobson (measuring instruments), represented in Japan by rival trading companies Nichimen and Teijin Shoji, respectively. Suppliers of essentially complementary equipment, both firms have been active in Japan for several years. However, by arranging a joint exhibition, each was able to present its products to the customers of the other.

The secret of success in the Japanese market has been top quality products and after sales service, said Mr. David Richardson of Rank Taylor Hobson. This involved a close working relationship with the local agent, including regular visits to the factory in Britain for Japanese engineers engaged in selling or servicing.

Big rise in W. German exports to OPEC seen

FRANKFURT, June 9.

GERMAN exports to Organisation of Petroleum Exporting Countries (OPEC) could rise 50 per cent. to DM16bn. this year, Deutsche Bank AG Board member Hans Otto Thierbach said here.

He told journalists such a rise could help offset an estimated 10 per cent reduction in German exports to industrial nations to DM140bn.

● Trade between East Germany and the U.K. in 1975 will rise between 40 and 45 per cent. compared with last year when it rose about 85 per cent., East Germany's Ministry of Foreign Trade State Secretary Gerhard Beil forecast.

He said in an interview during a visit by a trade mission to Britain last week that East Germany's next five-year plan covering 1976 to 1980 will be ready in November or December. He said about 28 per cent. of East Germany's foreign trade is with non-socialist countries trade between western and socialist countries will increase with a reduction of tension following the European Security Conference, he added.

Mr. Beil said the trade mission had talks with U.K. companies including the British Steel Corporation, Imperial Chemical Industries, Guest, Keen and Nettlefolds, and the Parliamentary Under-Secretary of State for Trade, Mr. Eric Deakins.

Australia has surplus balance

By Kenneth Randall

CANBERRA, June 9.

PRELIMINARY trade figures for May show a favourable trade balance of $A157m., making the cumulative surplus for the first 11 months of the financial year $A391m.

Exports for May were $A802m., the first time they have exceeded $A800m. in a single month. Imports were $A645m. But in seasonally adjusted terms, compared with April, exports were down 12.3 per cent. and imports down 6.8 per cent.

Meanwhile Australia's Overseas Trade Minister, Mr. Frank Crean, will have further talks in Brussels this week on access for Australian beef to the E.E.C.

Mr. Crean has left Canberra to attend the I.M.F. Interim Committee meeting in Paris, starting to-morrow, and the Brussels talks will follow. On the way home, he will visit Seoul and Manila to sign new trade agreements with South Korea and the Philippines.

AMERICAN NEWS

Ford ahead of Kennedy in latest election poll

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 9.

PRESIDENT FORD's political fortunes are on the mend. For the first time, the polls now give him a chance of beating Senator Edward Kennedy — his strongest democratic rival — in next year's Presidential elections.

The latest Harris Poll published this morning, reverses all its previous findings to put the President ahead of Senator Kennedy by 48 per cent. of the vote to 46 per cent., in a trial heat for the 1976 White House race.

Moreover, the poll also delivers a blow to Governor Ronald Reagan's hopes of snatching the Republican nomination away from President Ford next year, in a revolt by the party's conservative wing. It shows that Governor Reagan trails Senator Kennedy by 40 to 53 per cent. in popular following and would have less chance of holding the White House than President Ford.

Of course, Senator Edward Kennedy has insisted inumberable times that he has no intention of standing in next years elections and that he would not accept the Democratic nomination, even if it were offered to him. But he remains by far and away the most popular leader the Democrats have, and anyone else seems likely at present to put up an even weaker showing against the incumbent President.

The very fact that the pollsters are continually measuring Senator Kennedy's standing in the country, however, shows how widespread is the belief that he will eventually be prevailed upon to take up the mantle of leadership left by his more famous brothers—despite all his protestations to the contrary. The news that President Ford is now edging ahead of him, must make the Democratic leadership even more despairing about any of the party's other would-be candidates.

For President Ford, a two point edge over Senator Kennedy not only reverses the trend of the past (in April, the Harris Poll put Kennedy ahead of him by 50 to 45 per cent.), it also suggests that his recent political "successes" are beginning to affect his standing with the nation as a whole. The Harris Organisation believes that its latest findings reflect the popularity of the President's strong action in the Mayaguez rescue affair.

But since then, the President may have consolidated his position further by his legislative victories over the Congress and with the publicity which his European tour brought him at home. When all these events are added together, it looks as though the President is starting to emerge as a more forceful leader than he has appeared in the past and that the country is responding to this.

At the same time, of course, the Democratically controlled Congress is being forced gradually to abandon the hopes it once entertained of governing the country on its own. It has been unable to take the lead on energy and economic policy, while its members are now tending to endorse the administration's foreign and defence policies for fear of adding to the damage Vietnam has done to America's reputation as an ally in the world.

New York rescue plan agreed

BY JAY PALMER

NEW YORK, June 9.

NEW YORK City's rescue from debt default and technical bankruptcy is now assured. After a week-end of intense talks and a mere two days before the city was due to run out of cash, Mayor Abraham Beame this morning announced that city and State officials had finally agreed on a compromise version of Governor Hugh Carey's rescue plan.

"We have come up with a formula acceptable to both the city and the State," Mr. Beame said. "Legislation to create the Governor's proposed new State agency, the Municipal Assistance Corporation, will shortly be presented to both city and State legislatures."

Under the scheme, the State-dominated "Big Mac," as it has come to be known, will buy up most of the city's debilitating short-term debt and re-issue, under its own name, longer-term bonds. The disagreement between the State and the city had centred on the degree and extent of financial authority that this new agency would have over the city.

Over the week-end, however, the major stumbling-block was eliminated when city officials accepted State demands that the city's prime sales tax revenues be directly diverted to the new agency as a guarantee for its borrowings. Although the final terms of to-day's compromise remain unclear, it is assumed that State officials in their turn have agreed to give up demands that the "Big Mac" have day-to-day financial authority over the city.

Mayor Beame this morning stressed that Mac "would not have any veto power over city borrowing or spending plans." However, this does not specifically rule out major limitations on the city's future borrowing and spending patterns of the kind demanded by leading city creditors fearful that the cash crisis will reappear in the future.

Even if the current legislation is immediately approved by both the city Council and the State Senate, there seems no chance that the Mac will be set up and operating in time to help the city to redeem $792m. worth of note maturing on Wednesday. Nevertheless, the fact that Mac has now been approved will clear the way for several temporary solutions to be instituted.

With a total Wednesday deficit (including this debt redemption and payroll expenses) of over $900m. forecast, the city's commercial bank creditors are unofficially understood to have agreed to roll over debts totalling $280m. At the same time a State advance of some $200m. is planned and a Federal Government advance of the same amount has been requested.

Congress to probe Burns

WASHINGTON, June 9.

THE FIRST indication of any involvement by Mr. Arthur Burns in the Nixon Administration's covert activities is likely to receive further Congressional scrutiny.

According to a report prepared by the staff of the Joint Congressional Committee on Internal Revenue Taxation, Mr. Burns, who is currently Federal Reserve Board chairman, was a catalyst in persuading the Internal Revenue Service (IRS) to establish a secret unit to investigate Left-wing groups in 1969. Mr. Burns was then a counsellor to President Nixon.

Mr. Burns is not accused of any wrongdoing, and the Joint Committee is not likely to take any further action on the report. But a House Ways and Means oversight sub-committee, headed by Representative Charles Vanik, hopes to start hearings on the secret unit's activities within the next few weeks. AP-DJ

More U.S. banks cut prime rate

By Guy de Jonquieres

NEW YORK, June 9.

MORE THAN a dozen large commercial banks in several American cities lowered their prime lending rates to 7 per cent. from 7¼ per cent. to-day.

But so far only one—the medium-sized Manufacturers Bank of Los Angeles—has followed last Friday's move by First National City Bank of New York to a 6¾ per cent. prime. Citibank, the second largest bank in the U.S., has set a lower prime than its competitors during much of the past few months.

This fresh wave of rate cuts reflects the continued softness in money market rates during the past few weeks, which some analysts now believe may extend until well into the summer. Business loan demand remains sluggish and the level of borrowings from the bigger New York banks has actually been falling since late spring.

Inflation on the decline in Chile

By Hugh O'Shaughnessy

CHILEAN inflation, though still at record high levels, may be on the decline. The cost of living in Chile as measured by the consumer price index rose by only 16 per cent. in May, compared to more than 20 per cent. earlier this year. Nevertheless, consumer prices have risen a total of 125.3 per cent. in the first five months of 1975, and in the 12 months to May they rose 427 per cent. At the same time Chile's tax receipts have increased considerably.

Economic activity is markedly slowing down. One of the blast furnaces at the Huachipato plant of the State-owned CAP steel plant has been shut down as a result of the lack of domestic demand. INSA, the biggest tyre-making plant in Chile, a partnership between the state development organisation CORFO and General Tire and Rubber of Akron, Ohio, has also shut down for at least a month.

Among other state enterprises to be handed over to private enterprise is Santiago's general cemetery. The Lota-Schwager coal mining complex is reported to have 320,000 tons of unsold coal on its hands and is planning to lay-off a large part of its work force.

According to official figures the percentage of unemployment in Chile in April was 13.3 per cent., a sharp rise from the 9.9 per cent. reported in March.

QUEBEC LABOUR

Safely past a flashpoint

BY ROBERT GIBBENS, MONTREAL CORRESPONDENT

A CRITICAL point in Quebec's turbulent labour relations has been safely passed. The provincial Government of Premier Robert Bourassa has used the Cliche Commission report on the troubles of the construction industry to wean public opinion to the side of moderation and to isolate the construction unions grouped in the Quebec Federation of Labor (affiliated to the Canadian Labor Congress) and a minority of employers.

The government has managed to settle the 17-month-long strike at the Pratt and Whitney aircraft engine plant in Montreal. The company is undertaking to take back more than 1,000 workers and the cases of 45 alleged troublemakers were sent to arbitration. In this strike, which several times led to violence, money was not the final issue—but compulsory check-off of union dues from pay packets, the closed shop, the future of "scab" labour, and labour policies dictated by the parent company in Hartford, Conn.

Yet despite several other difficult problems that will remain to be resolved during the summer, the construction industry has remained the key to the Quebec labour scene since early last year when rival unionists on the James Bay hydro project wrecked their camp. That led to the appointment of the Cliche Commission.

The QFL, led by the bombastic Mr. Louis Laberge, represents slightly more than half of union labour in Quebec. It dominates the construction industry. Its resources are much greater than those of the rival Quebec-based Confederation of National Trade Unions. In the mid-1960s, the CNTU appeared to be the most militant group, despite the moderating influence of its leader, Mr. Marcel Pépin. It developed a political ideology on European socialist lines, while the QFL appeared more interested in money in the tradition of the North American international unions.

A bout of separatist terrorism in 1970 brought a marked change in the QFL. Mr. Laberge led the group into an uneasy alliance with the CNTU, and both union leaders called openly for the resignation of the Liberal Bourassa Government. Both leaders adopted the kind of activist language that could only lead to confrontation with Mr. Bourassa, his ministers and with the ruling classes in Quebec.

In June 1972, Mr. Laberge and Mr. Pépin and the teachers' union leader defied provincial return-to-work legislation for the public service sector and marched off like heroes to jail, but the public was not greatly inspired and rapidly forgot the whole incident. The riot at James Bay site last year, and a similar incident at the $500m. iron ore project of U.S. Steel Corporation in north-eastern Quebec, plus continued trouble at the Montreal Olympics construction site and at major projects such as the Place Des Jardins ($170m.) office-hotel complex in Montreal, gave the Government its chance to expose the extreme tactics of the QFL and its construction unions, while letting the CNTU unions off relatively lightly.

At the cost of some opprobrium to the Government itself, the Cliche Commission evidence gave sure indication of what had been common gossip for several years: that the QFL construction unions were abusing the hiring-hall system, which gives union officials the chance to award jobs, with connivance from some employers, to jack up pay rates and overtime to uneconomic levels. Workers sometimes had to pay union agents several hundred dollars to get a job on a specific project, and a host of other malpractices were exposed, including links between some union officials and criminal elements.

A secret union-Government deal may have been done to ensure the completion of the Montreal Olympics sites—at a price.

The Government immediately placed the construction unions under a three-year trusteeship and began a licensing system for contractors in the province. That then led to an accusation from the CNTU and from the separatist Parti Québécois that the Government had done an under-the-table deal under which the QFL accepts trusteeship and will guarantee that the Olympics construction programme will be completed on time, in return for the preservation of the hallowed hiring-hall system (common to construction in North America) and a delay in complete reorganisation of the industry under a central office set up by the Government. Mr. Bourassa has strenuously, but not quite conclusively, denied that such a deal exists. However, it is a fact that trusteeship and licensing of contractors have been the only legislative moves so far, and the tone of Mr. Laberge's public speeches has suddenly softened to a remarkable degree. This of course could be explained by a number of factors—not least the stiffening attitude of Governments and employers generally to extravagant union claims for rises averaging well over 16 per cent. in the next year and for job security.

Despite the troubles in the construction industry over the past year, contributing with inflation to the doubling in costs of many big projects including the Olympics since 1972, major buildings still do go up at a speed which is evidence of a rate of productivity second only to the U.S. There is every reason to believe that if peace has been won on the construction sites (with whatever promises) the Olympic site, and the major hotels and apartment projects will be ready for July 1976. The tremendous cost escalation will be reflected in inflated entry fees and hotel-room costs, and a major inflation in the cost-of-living in Montreal next year. Property owners can expect higher taxes immediately afterwards.

The construction unions, and especially Mr. Laberge, know full well that after the Olympics there will be a construction slump in Montreal of the proportions of the post-Expo crisis that helped to spark the violence of 1968-71. Quebec's unemployment rate now is over 8 per cent. and may well go higher this year—because of the effect of the North American recession. Some smaller manufacturing towns depending on two or three recession-hit industries, north-east of Montreal, have unemployment rates of over 25 per cent.

Yet higher unemployment pay, and easier conditions under which it can be obtained, plus higher participation of women in the labour force, have tended to soften the impact. Large families have no question about where increased family allowances came from—the federal Government. People regard welfare benefits as a return of taxes paid to any level of Government and within their rights. The aggressiveness of youth against the "system" has been blunted for the time being.

Several potential problem areas remain in Quebec, particularly a strike of 3,500 asbestos workers not only for more pay but for compensation against the danger of asbestosis and other lung diseases. The Government has been badly faulted for not taking notice of the asbestos industry scare in the U.S. two years ago. It has failed to enforce reasonably safe working conditions in the mines and mills.

If the strike is allowed to go on much longer, it could become another flashpoint.

Yet the mood of the people in Quebec and the lower profile being kept by the two big union federations do not suggest that matters will get worse. An upturn in the economy in late autumn could help to ease tension. The next provincial election is in 1977 or 1978, and despite widespread criticism in the past few months, the ascendancy of the ruling Liberals has not been challenged seriously.

The Financial Times, published daily except Sundays and holidays. U.S. subscriptions $190.94 (air freight) $381.66 (air mail) per annum. Second class postage paid at New York, N.Y.

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OVERSEAS NEWS

Rabin takes Cabinet peace mandate to U.S.

BY OUR OWN CORRESPONDENT TEL AVIV, June 9.

THE ISRAELI Prime Minister, Mr. Yitzhak Rabin, leaves for Washington to-morrow with a comfortable mandate from his Cabinet to pursue another interim peace agreement with Egypt.

At a seven-hour cabinet session that lasted past midnight to-day Mr. Rabin succeeded in convincing his fellow ministers not to tie his hands with detailed provisos for his talks with President Ford.

A proposal by four ministers from the Independent Liberal and left-wing Mapam parties to draw up a comprehensive plan for an overall agreement with the Arab states was defeated at the Prime Minister's urging. The Cabinet thereupon unanimously endorsed a resolution authorising continuation of the step-by-step approach as the most realistic option for progress.

The resolution also said the Government will not revise its bargaining terms as rejected by Egypt during the abortive Kissinger round of talks last March unless Cairo puts forward new concessions of its own.

Although some compromise is now seen on the pivotal question of the duration of a non-belligerency agreement between Israel and Egypt, several knotty questions remain.

One is the extent of an Israeli pullback from the two strategic mountain passes in Sinai. Mr. Rabin was reported to have told the Cabinet that conceding the eastern half of the passes was inconceivable without a formal peace agreement. Another consideration is the expected Egyptian demand for a parallel settlement with Syria, even though most Israeli officials find an interim formula for the Golan Heights unworkable at this stage.

UPI adds: A communique issued after last night's Cabinet meeting said: "In view of the positions of the Arab states with regard to overall peace treaties, the government of Israel regards as a practical possibility to advance towards peace by means of an interim agreement with Egypt through the good offices of the United States."

Most Israeli leaders view the Arab nations' insistence on establishment of a Palestinian state and total withdrawal from occupied territory as major obstacles to an overall peace settlement.

At their talks on Wednesday and Thursday President Ford was expected to inform Mr. Rabin of the latest Egyptian positions as explained to him by President Anwar Sadat at their meeting in Salzburg, Austria, last week.

Assad visit to Jordan sparks military co-operation hints

BY IHSAN HIJAZI BEIRUT, June 9.

POSSIBLE MILITARY co-operation between Syria and Jordan has been emphasised in statements by leaders of both countries on eve of the visit to Amman by President Hafez Assad, who is due in Jordan to-morrow.

Syrian Information Minister, Ahmed Iskandar, was quoted in the newspaper Al Hayat here to-day as saying the talks between President Assad and King Hussein will seek to establish "a solid Arab front." He added: "The Jordanian front is crucial for the confrontation with Israel. The Jordanian army is a well-trained Arab army eager to play its role in recovering occupied Arab territory and re-establishment of rights of the Palestinians."

Jordanian Premier Zaid Rifai yesterday told a visiting Syrian Press delegation that political and military co-ordination between the two countries already existed.

Both Mr. Rifai and Mr. Iskandar described President Assad's projected visit to Jordan as "historic," because this will be the first time a Syrian Head of State has visited Jordan in 20 years.

But neither one of them was really specific as to the type of military co-ordination sought. Press reports earlier that a Jordanian-Syrian military command already existed were described by informed Arab diplomatic sources as premature. The sources said President Assad will try to persuade King Hussein to join the projected political and military command between Syria and the Palestine Liberation Organisation.

Talks on the command have recently been going on in Damascus between Syrian and commando delegations. The sources added that the Syrian President hopes to use the Syrian-Palestinian command as a bridge to ensure PLO-Jordanian reconciliation.

The sources believe King Hussein is now more favourablly disposed towards military co-operation with Syria but that he is under Israeli and U.S. pressure to keep away from what Jersusalem and Washington regard as Syria's hard line regarding a Middle East settlement.

MPLA attack was 'pure barbarism'

LUANDA, June 9.

THE PORTUGUESE military command to-day blamed the latest bloody factional fighting in Angola on the Marxist Popular Movement for the Liberation of Angola (MPLA) and its rival, the Zaire-based National Front for the Liberation of Angola (FNLA).

As an uneasy calm returned to the Angolan capital, where a ceasefire followed widespread fighting, the authorities were still adding to a death toll of at least 200.

Many bodies lay in the streets of Luanda's shanty towns and a final accurate toll seemed impossible to reach.

The Portuguese command said the MPLA led an attack on the offices of the third liberation movement in the factional struggle — the National Union for the Total Independence of Angola (UNITA)—in which the bodies of those inside were horribly mutilated.

The command said more than 10 UNITA members were killed in the recent attack, in which armed civilians also took part. Many people inside the offices, including children, were said to have been injured. Later, "in an act of pure barbarism," several of the corpses were mutilated, the command said.

The capital returned to normal to-day with buses running for the first time in five days. No further incidents were reported here this morning, however a few shots were heard during the night.

However, reports from Malange—Angola's sixth largest city 200 miles east of Luanda —said there had been heavy fighting in the streets over the week-end. The liberation movement authorities and the Portuguese military gave joint orders that anyone attacking mixed forces or refusing to obey orders should be shot on sight.
Reuter

THAI VISIT TO KUALA LUMPUR

Malaysian security worries

BY WONG SULONG, KUALA LUMPUR CORRESPONDENT

MALAYSIAN and Singapore leaders see eye to eye about few problems, but one of these is that they consider the Malayan Communists to be the biggest threat to their national security. In the present situation, the future policies of Thailand are crucial to that security.

It is in this context that one must therefore view the current visit of Mr. Kukrit Pramoj to Kuala Lumpur—his first overseas point of call since becoming Prime Minister of Thailand two months ago.

Over the years, barring occasional border incidents, Thai-Malaysian relations have been extremely cordial, but the thought of the adjustments that the Thais might undergo in their domestic and foreign policies following the Communist victories in Indochina is now disturbing the sleep of Malaysian diplomats and defence planners. The Thais, if left to their own devices, are quite capable of looking after themselves in the new Southeast Asia, but what the Malaysians want to tell Mr. Kukrit is to give some consideration to their security interests when making any accommodation with the Communists.

The present mood in Kuala Lumpur is pessimistic: Tan Sri Ghazali, the Home Minister, was in Bangkok in April assessing the views of Thai leaders. He came back with the feeling that the Thais may be prepared to be more accommodating to the Communists than the Malaysians would want them to be.

Tun Razak, the Malaysian Premier, will undoubtedly ask Mr. Kukrit about the future of their border agreements, which have long kept the estimated 2,000 Malaysian Communists on the run, denying them any opportunity to establish permanent control over areas along the border. The agreements provide for a Malaysian intelligence unit to work at Songkhla in south Thailand, an exchange of information about the Communists, joint border operations, and for troops to be allowed to enter 5 miles into each other's territory if pursuing guerillas.

These arrangements have worked well for Malaysia in containing the Communists along the border, but the Malaysians fear that at this juncture the Thais might find it convenient to end this co-operation. After all, they have seldom enthusiastically hunted down the border Communists, whom they see essentially as a Malaysian problem. This disinterest is reinforced by the fact that Malaysian operations occasionally resulted in the shooting of Thai security forces mistaken for Communists or smugglers.

THE Malaysian Prime Minister Tun Razak to-night called for the continued support and co-operation of Thailand in fighting the estimated 2,000 Communist guerillas along their common border, Wong Sulong reports from Kuala Lumpur.

Speaking at a banquet here in honour of the visit of the Thai Premier, Mr. Kukrit Pramoj, Tun Razak said Malaysia deeply appreciated Thailand's support in times of difficulties, and Malaysia would co-operate with Thailand "through thick and thin" to defend their mutual independence, integrity and way of life.

In reply, Mr. Kukrit said nations in South-East Asia must live in tolerance if they were to avoid further conflicts and tragedies.

There is also the strong possibility that Bangkok may legalise the Thai Communist party in the near future. Some Malaysian officials are talking of legalising the Malayan Communist party in that event, but it is doubtful whether the Communists would co-operate. Moreover there is the problem of whom to recognise, as the Malayan Communists have split into three groups. The split only became known in October of last year, but goes back several years to a power struggle in the MCP, in which two groups, now calling themselves the Revolutionary Faction, and the Marxist-Leninist faction, defied an order from the Central Executive Committee to eliminate recruits who had joined since 1962 and were suspected by party headquarters of being Government agents.

The main party, including the predominantly Malay 10th Regiment, is still behind Chin Peng, who has not been seen since the abortive Baling peace talks in 1956, and whose elusiveness has caused rumours that he is no longer living along the border, or head of the party. These rumours are contradicted by the Voice of the Malayan Liberation, a clandestine radio station which acknowledges Chin Peng as the party's Secretary-General in its broadcasts.

Contrary to expectations, so far there are no signs that the split has weakened the Communist movement. All three groups are pro-Peking, and ironically, the split has led to a resurgence of Communist activities with each faction trying to outdo the others as the "true revolutionaries."

The Marxist-Leninist faction (ML) has been by far the most aggressive and dangerous, and has scored some notable victories against the security forces. Members have destroyed millions of dollars worth of earth moving equipment, and delayed work on the east-west highway and the Temmengor dam near the border, ambushed and killed about two dozen soldiers in the past few months, and attacked with rockets various military installations, including the military airbase in the federal capital. For psychological value, its assault squads also moved in early last month and shot two police intelligence officers, bringing the number of Chinese special branch officers assussinated close to a dozen in the past two years. The killing of Chinese special branch officers has special significance for, apart from settling old scores of the emergency years, the assassinations, often in broad daylight and in public, must have had a demoralising effect on the Chinese officers who are largely responsible for keeping the special branch a most effective anti-Communist intelligence organisation.

Malaysian authorities are convinced that the ML has abandoned the Maoist theory of using rural areas to encircle the cities: the ML apparently believes this to be impossible in the Malaysian context, where the rural areas are predominantly Malay and Moslem, while the Communist movement is largely Chinese. Consequently, it has infiltrated into the cities and new villages and appears to have had some success in setting up cells by exploiting the racial and social discontent of the huge reservoir of unemployed Chinese in the urban centres.

The discovery of an intricate and extensive network of food dumps along the jungle fringes in Perak and Pahang States, far away from the border, indicates that the Communist supply network still remains intact and active, after all these years of Government harrassment. In recent months, the ML has also established links with city gangsters, and is supplying them with guns.

The immediate danger, however, is the prospect of gun running from Indochina, via Thailand or the sea, to both Malaya or the Malaysian islands. So far the guerilla arsenals comprise mainly remnants of World War Two arms, crude home-made weapons, or guns captured from security forces. A senior Malaysian official said: "Even with that junk, they have been giving our boys a bad time recently. The thought of the communists armed with M-16 rifles and other American weapons from Vietnam gives me the shivers."

Because of this danger, the Malaysian Government is reported to be considering an Indonesian offer for the use of Natuna island (lying between East and West Malaysia) for a Malaysian radar and communications centre to keep track of ship movements in the South China sea. The alternative is to increase sea patrols along the long Malaysian coastline, a formidable task for the small Malaysian navy.

Further Japanese discount rate cuts foreseen by Fukuda

TOKYO, June 9.

DEPUTY PRIME Minister Takeo Fukuda said the official discount rate of the Bank of Japan, twice cut by 0.5 per cent. in the past two months, should be further lowered because it is still above the international level of interest rates.

In an interview with Kyodo news service, Mr. Fukuda, who is also director-general of the Government's Economic Planning Agency, said another cut from the present level of 8 per cent. is possible without reducing interest rates on bank deposits.

The timing of the next cut depends on the trend of prices. If they stabilise further and enterprises co-operate in holding them down, Japan can take the opportunity to make another reduction in the discount rate, he said.

Mr. Fukuda said the two cuts made since mid-April—a total reduction of 1 per cent.—should reduce the interest burden of Japanese business by Y200bn. a year.

But they should no longer think of resuming real economic growth of more than 10 per cent. a year.

The Nomura Research Institute meanwhile said the Japanese economy will show real growth of 8.1 per cent. in the current fiscal year ending next March, almost double the Government's official target.

The institute, Japan's largest private economic research organisation, said the Japanese industry is now well advanced in running down inventories and industrial production will rise 10.8 per cent. during fiscal 1975.

It said corporate profits will cease to decline in the current term ending in September and will rise by about 25 per cent. in the following six months ending next March.

Nomura also forecast stable prices, a continuing balance of payments surplus and a rising yen for the current fiscal year.
Reuter

Burma colleges shut

BY OUR ASIA CORRESPONDENT

BURMA YESTERDAY closed down all universities and colleges in the capital Rangoon and in Mandalay after a week-end of demonstrations mainly by students.

Rangoon Radio, monitored by the BBC, said that the colleges had been closed to allow examinations to take place peacefully.

The closures followed an abortive appeal by the country's Education Minister to students to stop the protests and to return to their classes.

It is the second time within a few months that students in Burma have taken to the streets. In December, thousands of students demonstrated and snatched the body of former UN Secretary-General U Thant with the intention of giving him what they considered a more fitting funeral.

After troops and riot police had regained possession of the body several thousand people were arrested and more than 150 have been imprisoned. The death toll in the December troubles was about 40.

This time the students wanted the release of their colleagues still imprisoned and demanded checks on the soaring cost of living.

Burma is a potentially rich country, but in its attempts to follow the "Burmese way to socialism" the Government has been beset by economic difficulties. Prices rose sharply and exports of rice, traditionally a large foreign exchange earner, had to be stopped. But this year the Government again hopes to be able to resume rice sales.

China, the Philippines set up ties

PEKING, June 9.

CHINA AND the Philippines today issued a joint communique announcing the establishment of diplomatic relations.

The announcement came while Philippines President Ferdinand Marcos was entertaining members of the Chinese leadership to a banquet in Peking's Great Hall of the People.

The joint communique, signed by President Marcos and Premier Chou En-Lai, stressed in its first few paragraphs that the people of a country should choose their own political system without outside interference.

President Marcos arrived in Peking on a five-day state visit on Saturday.

The establishment of relations between Peking and Manila ends 25 years of suspicion and distrust between the two countries.

President Marcos made the first steps towards relations with Peking in 1972 when he issued an order resulting in the first trade contact with China since 1949.

The establishment of ties was expected to result in the severance of diplomatic relations between Mr. Marcos' Government and the Nationalist Government of Taiwan.

President Marcos has repeatedly announced in the past that the Philippines would establish diplomatic links with China and the Soviet Union simultaneously. Reuter

£3.5M. KENYA CAR ASSEMBLY UNIT

By Our Own Correspondent

NAIROBI, June 9.

ANOTHER commercial vehicle assembly plant, Associated Vehicle Assemblers Ltd., is being built in Kenya with a capital of Kenya£3.5m. Involved in the project are the Kenya Government, through the Industrial Development Bank, Inchcape Mackenzie Ltd. and Kenya Motor Holdings Ltd. (LONRHO).

The plant is to assemble Datsun, Ford, Mazda, Mercedes, Peugeot, Renault and Toyota componets. It is to be built in Mombasa and will have a production capacity of more than 5,000 units a year and employ 500 workers.

ANNUAL REPORT ON THE WORLD ECONOMY

BIS foresees continuing instability

BY RUPERT CORNWELL

BASLE, June 9.

IN A pessimistic assessment of the world economy, the Bank for International Settlements warned to-day that a rapid and vigorous recovery from the present deep recession is unlikely, and in any case too dangerous, given the persistence of inflation.

In its annual report published to-day the BIS acknowledges that several countries have got consumer prices under better control, and are shifting to expansionary policies. Wholesale prices are steady, and an atmosphere of price competition has been restored in industry. But, the bank emphasises, the situation is still unstable and could quickly worsen. Inflation rates and payments positions among developed nations vary sharply, with Britain in particular failing to show the improvement achieved by most of its major partners.

At the same time the poorer developing countries are under pressure to reduce their trade deficits, which accounts for much of the present better trend in the OECD current account balance, while in the developed world both oil consumption and deficits will probably rise when the awaited cyclical upturn finally comes.

Oil crisis

The early part of the report is mainly devoted to an analysis of the effects of the oil crisis. But it argues that quite apart from the deflationary impact of higher energy prices, inflation by early 1974 had reached such heights that a protracted and severe period of adjustment had become inevitable.

The depth of the recession, the BIS says, has offered a target to the "armchair strategists of stabilisation," who have taken particular objection to the tightness of monetary policy in many countries. However, it insists there was simply no alternative. Inflation had reached a perilous point and was still rising when total demand was levelling off or declining. Under the circumstances the authorities had to give top priority to curbing prices. "To rely on possible self-correction would have been to ignore too much past experience to the contrary."

The report comments that excess demand has long since been banished and that wage increases are now the continuing factor behind a high inflation. However, the wide spread between different national performances is directly due to floating exchange rates, which have reduced the international transmission of inflation, but amplified the impact of rising costs and inflationary monetary policy in the country where they originate.

Floating rates

Although the BIS seems reluctantly resigned to a floating world, it does not miss the chance to chide governments for their lack of progress back towards a fixed rate system, and in particular for their inability to co-ordinate better their national money policies. "Without a full central bank commitment on inflation there is no chance of returning to the old situation where exchange rates reflected the fundamental balance of payments situation."

Concerted intervention recently by the Swiss, German and U.S. central banks has not been an outstanding success, suggests the BIS, and in key cases the authorities have been wary of the discipline of par values. The creation of such a system now seems quite a distant objective, "if indeed it can still be called an objective."

Instead, the BIS urges an understanding between the countries of the European joint float and the dollar. "This has been the real heart of the problem . . . the concept of a stable rate system whereby the SDR would take over the reserve functions of the dollar and gold has always seemed rather theoretical."

For this understanding to bear fruit, the Americans would have to take their fair share of supporting the dollar in the market, while other countries would have to avoid excess reserve accumulation. Could this be done, it might lay the basis for a new international monetary order, the report argues.

Compared with the difficulties of monetary reform the financing of the huge oil deficits has gone much more smoothly. Despite a rise in the OPEC current surplus from \$5bn. to \$70bn. in 1974, only Italy of industrialised nations was forced to seek aid from official sources, and on the whole the problem was managed without great strain.

The BIS notes in any case that for the moment pressures have lessened further. The producers' surplus has fallen by a third on preliminary estimates early this year after running at \$17.4bn. in the fourth quarter of 1974. Most industrialised countries have turned in a substantial improvement and it is rather the developing nations who are in the most delicate position with an overall deficit now topping \$30bn., more than three times the level before the rise in oil prices.

Reserves

As is traditional the BIS report gives an exhaustive review of developments in international reserves, the gold market and the Eurocurrency sector during the 1974-75 year. Last year, it writes, was the fifth successive year of rapid global reserve expansion. Total holdings, including IMF position, jumped by 23 per cent. in 1974 to \$226bn., an absolute increase of a record \$40.3bn., and bringing the increase since the start of the decade to \$150bn. With the significant exception of a major rise in official sterling holdings, the gain was similar to earlier years: an increase in dollar holdings either in the U.S. or in the Eurocurrency market, but this time mainly in the reserves of the oil-exporting bloc which rose by \$36.4bn. in 1974.

However, such was the success of importers in borrowing to avoid reserve losses in meeting their oil deficits that their own total holdings climbed by \$3.9bn. It must be said that the bulk of this was due to the depreciation of the dollar last year against other reserve assets. For the Group of Ten richest nations holdings rose by \$4.5bn. during 1974 while for the first quarter this year, in a pattern which contrasts strikingly with those of the oil producers and the less developed countries, the reserve assets rose by as much again. Exchange reserves jumped almost \$3bn., and claims on the IMF by \$1.6bn.

Gold

Turning to gold, the BIS reports the fourth successive decline in output by non-Communist countries. The drop of 9 per cent., or 100 tons, was much sharper than before and brings the total decline since 1970 to 22 per cent. South African production dropped by 94 tons and that of Canada, the second largest Western producer, by eight tons, making a total world output, excluding the Eastern bloc, of 985 tons compared with a peak of 1,267 tons in 1970 and 1,086 tons in 1973.

Unusually as well, the drop in Western production was not offset by higher free market sales from Communist countries, which in fact fell from 330 tons to an estimated 150 tons. Notwithstanding a slight increase in sales from official Western reserves (to 45 tons from 35), the total amount of gold for meeting non monetary demand fell by 19 per cent. to 1,180 tons.

The report also gives the latest statistics for the Eurocurrency market, covering what the BIS dryly describes as a "most eventful year"—one in fact which saw a major crisis of confidence following the collapse of the Herstatt Bank of West Germany. But despite the mid-summer jitters the market, as measured by the external positions of reporting banks from eight major European countries, rose by \$45bn. to a net \$177bn., of which the dollar component accounted for \$139bn., up by \$36bn. If banks outside the reporting area are included—that is the "offshore" centres—the net Eurocurrency market is estimated to have increased some \$55bn. to around \$210bn.

For the first 1975 quarter, the tentative guess of the Bank is for a further jump to \$185bn. for the reporting area and to a net \$220bn. if other centres are included. Syndicated new medium- and long-term loan facilities totalled \$30.2bn. last year (\$24.1bn.).

Salutary

The BIS view is that last year's shake-up, which culminated in the September Basle agreement to act as lender of last resort to banks in temporary difficulties, has on the whole had a very salutary effect. Banks, the report says, have become more risk-conscious. Size and participation in individual syndicated loans have been reduced, as have maturities, even if the price of all this has been a shift to bigger banks and a probable slower market growth in future.

Though confidence has returned, foreign exchange business has become much more careful, and banks are paying much more attention to their balance sheet structure and capital leverage than in the past.

France expected to rejoin currency 'snake' next week

BY RUPERT CORNWELL

BASLE, June 9.

FRANCE IS expected to rejoin formally the joint EEC currency float next Monday, on the occasion of the regular meeting of Community finance ministers in Luxembourg.

Although certain technical aspects remain to be settled, central bank governors attending the annual meeting of the Bank for International Settlements feel that enough has already been done to permit the French franc's return to the "snake" on June 16.

If all goes well, according to one prominent European Governor, the Swiss franc, whose membership is being held up by French political objections, could follow with associate status within one or two months. Moreover, for the first time in Basle there is a growing belief that Italy, after a devaluation of the lira against the currencies of its former partners, could be strong enough itself to come back into the narrow margins arrangements by the end of this year. For Britain, however, there is no prospect of any move back to the system, in which it briefly took part in mid-1972.

On the French franc, the governors have already settled one problem, that of settlement of debts incurred in "snake" support operations. In future gold will not be taken into account at all, in contrast to the former rules, and repayments will be based on other assets only, that is, dollars, SDRs and IMF reserve positions.

Progress is also being made on the French request for intervention by the strongest as well as the weakest currencies in the "snake" to help iron out fluctuations.

A third problem, that of the French demand for a "Community level" for the dollar, is further from solution. While France's partners accept the idea and believe that the dollar is undervalued against the European bloc they baulk at the concerted intervention that the French want to back it up.

In essence, the problem reflects the wider debate of fixed versus floating parities, a debate that the French Finance Minister, M. Jean-Pierre Fourcade, will return to at the monetary reform talks in Paris this week.

Pressure for a more stable system of parities against the dollar—while stopping well short of a return to fixed rates—has been clear in Basle this week-end. But no one except the French seems to think it has much chance in practice, except on the basis of "target zones" with very wide margins that would probably involve little change from the existing state of affairs.

Dutch party seeks aircraft inquiry

BY MICHAEL VAN OS

AMSTERDAM, June 9.

THE SMALL Left-wing political party P.P.R. (the Progressive Radical Party) has sought the backing of the other two progressive partners in the Centre-Left Dutch Coalition, as well as from the Parliamentary defence committee, for a Parliamentary inquiry into the replacement of Starfighters in the Dutch air force.

The direct reason for the P.P.R. request—which is unlikely to succeed—is the report over the week-end that documents about the foreign arms sales efforts of Northrop—one of the original four competing aircraft manufacturers — had revealed that that company had employed a number of influential European aides, among them a Dutchman. He was named as Mr. Hans Teengs Gerritsen who was employed by Northrop between 1957 and 1974 as special "ambassador" to Holland.

Dr. Waltmans, one of the two P.P.R. parliamentarians has said that indirectly, the possible role of Prince Bernhard may also be discussed in an enquiry. He is a good personal friend of Mr. Gerritsen, and his name was also mentioned in the documents.

Dutch newspapers to-day pointed out that Prince Bernhard has good connections in the aircraft industry. He is, for example, an honorary supervisory board member of VFW-Fokker, the German/Dutch aerospace concern; Northrop holds a minority interest in the Dutch company.

Dr. Waltmans stressed that there was no doubt at all as to Prince Bernhard's integrity in this matter but he did want to examine whether some people might have tried to abuse the contacts of the Prince—who is also Inspector-General of the Dutch forces.

John Wicks adds from Zurich: The Zurich company lawyer Dr. Andreas Froriep, sole board member of Economic and Development Corporation, of Zug, issued a statement that the firm had decided to give no information over and above that published in the Swiss company gazette. The Zug company was claimed by U.S. sources to act as a consultant and sales promotion representative for Europe.

Another Zurich lawyer mentioned in U.S. reports, Dr. Hubert Weisbrod, confirmed that he had received money from Northrop but in the form of "normal trustee transactions." The money had been passed on to clients for services rendered.

Giles Merritt reports from Paris: Doctors attending General Paul Stehlin, who after his Friday evening traffic accident here is still in a coma in the Cochin Hospital, to-day stated the 67-year old ex-Chief of Air Staff's condition to be "extremely serious." France's reactions to the news this week-end — that General Stehlin had been seriously injured by a bus shortly after Northrop Aviation's revelations in Washington that for the past 11 years he has been employed as a consultant — have so far been muted.

Turkish Cypriots approve constitution

By Our Own Correspondent

NICOSIA, June 9.

TURKISH Cypriots have approved by an overwhelming majority the draft Constitution of their separate "federated state." An official Turkish Cypriot spokesman, announcing the results of yesterday's referendum, said more than 99 per cent. of those who voted had said "yes" to the draft, which now becomes supreme law in the Turkish-held Northern part of the island.

He said a total of 37,732 people had cast their votes—representing about 70 per cent. of the 52,926 Turkish Cypriots who were eligible to vote. "Yes" votes totalled 37,502 and only 230 had said "no" to the draft. The voters included some 4,000 Turkish Cypriots living among Greek Cypriots in the South.

Political observers pointed out that although the "federated Turkish state" is intended as the Turkish wing of a possible federal Cyprus Republic to be formed at some future date, the Constitution ratified in yesterday's referendum states in its introduction that "the Turkish Cypriot community constitutes the inseparable part of the great Turkish nation. . ." This opened the way for the Turkish part of the island to be annexed to Turkey at some opportune moment, the observers said.

The Constitution, which provides for a President and a Prime Minister, also states at another point that "the Turkish federated state's competence to obtain every kind of aid from foreign states and international organisations shall not be restricted or removed."

Greek Cypriot refugees (some 200,000 of them) who have their homes and livelihood in the Turkish "state" saw the Constitutional referendum as another move by the Turks to seize permanent control of their homes and properties, estimated as worth hundreds of millions of pounds.

Spaniards take 46 Moroccan prisoners

MADRID, June 9.

IN THE biggest-known confrontation to date between Spanish and Moroccan troops in the disputed Spanish Sahara, Spanish army units surrounded a Moroccan company and took 46 prisoners in an apparently bloodless action, the national news agency Cifra said to-day.

Sunday's incident occurred 18 miles inside Spanish territory at the outpost of Mahbes, Cifra said. The Moroccan troops, travelling across the desert in five vehicles, tried to take possession of the outpost, but were surrounded by Spanish troops and "surrendered," realising there was no way of escaping.

There have been frequent clashes between Spanish troops and Moroccan-led insurgents in the territory, but the action reported by Cifra was the biggest yet between regular Spanish and Moroccan troops in Spain's last major African territory.

The minerals-rich Spanish Sahara, 100,000 square miles of wasteland along the north-western bulge of the African continent, has been claimed by both Morocco and Mauretania. Algeria is supporting a Left-oriented liberation movement calling itself the Frente Polisario.

Last month, the Spanish Government announced it was prepared to withdraw from the Spanish Sahara, as soon as possible and hand over sovereignty to the colony's 60,000 inhabitants, most of them illiterate nomads. The territory is claimed by its neighbours mainly because of what has been referred to as "Spain's desert treasure" — the phosphate mines at Bu Craa which the the world's second biggest.

In the past weeks, a United Nations study commission visited the Sahara, Madrid, Rabat and other interested capitals in an effort to size up the situation. The U.S. asked Spain nine years ago to grant the Sahara the right of self-determination, a demand which Madrid accepted.

Security talks may meet July deadline

THE PAN-EUROPEAN summit meeting, otherwise known as Stage 3 of the European Security Conference, is likely to take place in Helsinki towards the end of next month. No decision has been taken, but Western sources say that sufficient progress has been made at Stage 2 in Geneva to make possible the meeting of the end-July deadline.

If the deadlin eis not met, the Geneva session would probably adjourn for the summer and the Helsinki summit could well be postponed until next year.

This message seems to have got through to the Russians, who are more anxious than anyone else for an early summit but until recently declined to make the concessions the West regards as essential. However, there have been concessions in several key areas an dit now looks as if there could be agreement on the prior notification of military manoeuvres.

EUROPEAN NEWS

Italian bishops avoid giving support to Christian Democrats

BY ANTHONY ROBINSON ROME, June 9.

AS ITALY'S regional and local election campaign moves into its last week the isolation of the Christian Democrat Party in this toughly fought contest has been underlined by the decision of the Conference of Italian Bishops to avoid indicating the CD party as the preferred recipient of Catholic votes.

This is the first time that the episcopal conference has declined to give a clear electoral indication, although individual bishops are free to make their own suggestions to the faithful in their own dioceses. This distance-taking from the CD party reflects the more cautious attitude of the Church to Italian affairs following the outcome of the divorce referendum last May.

But while the Catholic Church has in this way subtly loosened its ties with the Italian domestic political situation the departure for East Berlin this morning of Monsignor Agostino Casaroli, the Vatican's "Foreign Minister," reflects the wider international interests of Church diplomacy. Msgr. Casaroli is visiting East Germany at the invitation of East German Foreign Minister, Herr Oskar Fischer, and his week of contacts with church and political authorities will cover "the life of the Church, problems of peace and international affairs." This is the latest in a series of contacts with religious and political leaders in Eastern Europe.

Meanwhile, the bitter reciprocal polemics between Christian Democrats and Socialists, who have emerged as the two principal opponents during this campaign, have led to growing concern about the difficulty of forming another Centre-Left government after the elections. This concern, together with thinly-veiled antagonism to the official party electoral platform shown by the Left-wing factions of the CD party, has induced Sig. Aldo Moro and other Ministers preoccupied by the post-election situation to try and keep the bridges open with the Centre-Left parties and the unions.

In this context Sig. Moro today holds a top-level meeting between the Government and the trade union confederations to discuss employment, investment and ways to climb out of the current economic recession. It is the first such top-level meeting since the Government was formed last November.

It follows the recent union conference at Rimini that defined six areas demanding immediate Government action and strongly criticised Government inertia and what the unions see as the tendency to relegate them from their self-appointed role as a "negotiating force" to mere "social affairs consultants," which they indignantly reject.

MLP blamed at inquiry into Malta incidents

BY GODFREY GRIMA VALLETTA, June 9.

INVESTIGATIONS by a magistrate into yesterday's pitched battle between rival supporters of Premier Dom Mintoff and Opposition leader George Borg Olivier began this morning, with nationalist MPs giving evidence blaming Malta Labour Party (MLP) supporters for the fracas at Kalkara.

Addressing a Press conference this morning the MPs reiterated charges made last night by the party to the effect that their open air rally was attacked by bottle and stone throwing supporters of Mr. Mintoff's MLP. Baton-wielding police also attacked Opposition supporters instead of bringing the fighting to an early end by checking those who had purposely gone to Kalkara to wreck the meeting.

At least five policemen were hospitalised and the rally was brought to a premature end by the fighting. Violence at Nationalist Party events is becoming increasingly frequent. Yesterday the party's club at Kalkara was broken into during the fighting and considerable damage was also done to a nearby private house. Last Sunday, at Rabat, the NP Club was again ransacked when rival supporters clashed after a Nationalist Party mass rally.

This morning the Nationalist Party daily "Our Nation" editorially stated that yesterday's events were "another Station in the Calvary that goes into the defence of democracy."

Drawing parallels with current events in Portugal, the daily appealed to everyone to take action to ensure "Malta does not end up on the Cross."

The pro-Government "Orizzont" on the other hand claimed that bottle-throwing was started by Nationalist supporters from a nearby private house. The charge was emphatically refuted by the Nationalist MPs at their Press conference this morning.

Roche ends rebate scheme

BY JOHN WICKS ZURICH, June 9.

THE BASLE chemical company Hoffman-La Roche has completed the abolition of "loyalty rebates" to EEC customers in the vitamins sector. The rebate agreements have been dissolved individually over a period of time, the Swiss firm having expressed its readiness to drop the rebates when the EEC Commission announced it was investigating the system in the light of possible contravention of Community competition rules.

The Commission last week informed the Swiss Government that it would soon communicate to Roche its allegations in connection with vitamin rebate payments in the Community area. After the company has received these charges, it will be granted a time limit in which to answer them. Until then, no further steps are envisaged at governmental level. It appears that the Commission is no longer contending that Swiss action in the case—which is centred on the arrest of former Roche executive Stanley Adams on a charge of industrial espionage—contravenes the Swiss-EEC free trade agreement.

The case against Mr. Adams is still pending, the defendant having been released on bail in March.

Dublin continues search for economic policy

BY DOMINICK J. COYLE DUBLIN, June 9.

A FURTHER Cabinet meeting here to-morrow is expected to continue the Government's search for some short-term economic measures to tackle the present record levels of both inflation and unemployment, but already the seemingly inordinate delay in unfolding its long-heralded package has left the Government open to political and public criticism of inaction and vacillation.

Indeed, one of the currently more favoured games in political and industrial circles is guessing at the number of Cabinet meetings—both special and ordinary—that have lately been held to deal with the deteriorating economic situation, while there has also been a spate of recent public Ministerial warnings of grim times ahead unless some early corrective action is taken.

Government sources are now suggesting that it may be towards the end of the month before the promised measures are finally unfolded, the explanation apparently being that the Cabinet is most anxious to first win endorsement for its proposals from the major interests in the economy, notably the employer bodies, the trade unions and the main farming organisations.

While this consensus is being sought, or at least while the appearance of seeking it is being promoted officially, there are few concrete signs that the coalition Government has actually made up its own mind on what precisely should be done. Ministers insist that the Cabinet will act unilaterally in the event of employers, trade unionists and farmers failing to agree on a crash counter-inflation programme, yet privately both sides of industry, and indeed the farming bodies too, accuse the Government of failing to present to them an effective global package.

The trade unions, in particular, are alarmed at speculation that the existing National Wage Agreement, reached so painstakingly only two months ago (without direct Government involvement) within the employer-labour conference, may now be disturbed, not least because Ministers have decided somewhat belatedly that its provisions are highly inflationary in themselves.

Austria to raise VAT 2%

BY PAUL LENDVAI VIENNA, June 9.

PRESENTING the first draft of the Austrian budget for 1976 to the Cabinet, Finance Minister Hannes Androsch confirmed that the VAT rate will be raised from 16 to 18 per cent. The two per cent. rise should yield Sch.4bn. (about £102m.) in additional revenue next year, the Minister said.

Though the draft budget will be presented to Parliament only after the next general election in early October, the ruling Socialist Party evidently decided to prepare the public now for the forthcoming increase. Even assuming an increased VAT, the budgetary deficit is expected to be about Sch.22bn. next year. The special VAT rate of 8 per cent. on food, housing and services will remain unchanged, the Minister said.

Meanwhile, the latest economic figures indicate a further slight deterioration of the situation. Industrial output in the first quarter of this year fell by 5.4 per cent. on a seasonally adjusted basis. It is now predicted that the Institute for Economic Research will reduce its growth forecast for this year from 2.5 per cent. to between 1 and 2 per cent.

France, the world's third largest arms dealer, put its wares on show yesterday. **Giles Merritt**, in Paris, reports on . . .

The Crufts of armaments

A CONVENIENT half-hour drive from Le Bourget, around the bustling Paris ring motorway and out into the Versailles countryside, lies Satory, convenient because the core of military aircraft buyers at the heart of the Le Bourget air show are often also keen customers at Satory.

Few Frenchmen know Satory even as a placename, and in contrast to much-publicised Le Bourget it is given little prominence on the calendar of exhibition events. For in the same way in which France has carefully refrained from boasting that, last year, it overtook Britain to become the world's third largest arms dealer, the authorities are equally reluctant to draw attention to this week's "hardware" show at the Satory military camp. Admission is by invitation only.

In the five years since it was started, Satory has become to armaments as Crufts is to dogs. This Monday, the arms buying delegations of 53 "friendly" nations to arrive to view over 600 different land-based weapons produced by about 100 companies.

The annual Satory display is timed to coincide with Le Bourget and the French arms selling authority, the Délégation Militaire à l'Armement, has a £3m. budget to invite and entertain valued clients interested in attending both events. If this year Le Bourget has been slightly clouded for France by the realisation that Belgium has joined Holland, Denmark and Norway in denying Dassault-Breguet the "arms deal of the century" for new combat aircraft, this week's Satory is likely to be happier (if unsung) affair.

From humble beginnings, France has grown to become a giant among arms makers. In 1965 it exported Frs.2.8bn. worth of weapons. By last year the French military manufacturing industry had boosted exports—or "transfers" as they are politely called—almost tenfold to over Frs.20bn. Half was for aircraft alone.

Employing more than 250,000 people, the industry rivals the motor industry in size and keeps the trade figures from being deeply in the red. The comparison with the motor industry is not accidental, since for many motor makers the arms boom of the last decade has provided the jam on the bread or even an alternative livelihood. Both Berliet and Renault produce military ware, while Panhard has given up cars entirely in favour of tanks and armoured personnel carriers.

Although far behind the U.S. and the Soviet Union in sales, France produces a fair proportion of the weapons that have become almost household names; Mirage fighter-bombers, Alouette and Puma helicopters, the AMX-30 tank, the Exocet Crotale and Roland missiles. The latter is a ground-to-air missile developed jointly by Aerospatiale and West Germany's Messerschmitt-Bölkow-Blohm. Made by the Paris-based Euromissile, which describes it as "a sure killer," it has been sold to the U.S. Army, which is taking 20,000 Rolands over the next ten years, and to the British Navy. In all, about 100 different countries have bought from France since it exploded into the weapons business. The clients are a mixed bag, ranging from Peking to Pinochet, and it is exactly this catholic approach that is beginning to trouble opinion here.

"The clients are a mixed bag, ranging from Peking to Pinochet . . ."

Last year France was made to appear as an unscrupulous "merchant of death" when it emerged that Mirage IIIs sold to Libya as a non-combatant Middle Eastern country under the embargo imposed by General de Gaulle had been lent to Egypt and used again Israel in the Yom Kippur war of October, 1973. France is now known to have been informed of the "switch" by its own intelligence services, but because of uncompleted aircraft deliveries to Libya chose to ignore the information. The result was that President Giscard d'Estaing abolished the embargo.

Yet it is not the Middle East "market" alone that is causing some controversy in France.

France has sold tanks and missiles, Mirages and patrol vessels to the Greek Colonels. Franco's Spain not only bought similar hardware but is building French "Agosta" 20-torpedo submarines under licence in Cartagena. And if these two client countries caused alarm on the Left, there is equal concern at the other end of the political spectrum about a co-operation pact with Romania under which Alouettes and soon possibly the Franco-British Puma helicopter are made there.

Britain, of course, endures much the same heart-searching, the difference being that France generally goes ahead and makes the sale. As with Britain, equipping South Africa is a controversial issue here. Spearheaded by the recent delivery of 16 Mirages, France has now signed a major deal with the Republic ranging from submarines to hand grenades. Reportedly, the South Africans are even looking to France for help in setting-up their own armaments industry and already AMX-30 tanks and Atar GK50 engines for powering the Mirages are assembled there.

Critics maintain that France's arms business has snowballed at such a rate that it has outstripped her policymaking. Indeed, it seems probable that when de Gaulle opted for a go-it-alone military position few Frenchmen saw that the logical industrial conclusion of equipping one's own army and developing a nuclear *force de frappe* would be to equipping foreign armies of varying political colours. Even if no conscious decision was ever taken to become a top arms dealing nation, France could be accused of being reluctant to formulate a sales restriction policy. Just before his presidential win last year, M. Giscard d'Estaing commented: "In contrast to other major powers, we avoid supplying arms to belligerent nations." But since then he has lifted the embargo on sales to Middle East combatants, and the charges of "indiscriminate" supplying have redoubled.

With the familiar "if we don't, someone else will" argument, many see the French armaments industry in much more positive terms. Accounting for 2 per cent. of GNP and 6 per cent. of all exports, they argue that arms manufacturing has reduced French dependence on U.S. products to less than 7 per cent., while helping to support the country's large conscript and regular armed forces. They also stress, although not so loudly, that supplying arms and munitions helps give France enhanced diplomatic clout in many of the world's more sensitive areas.

The final justification, of course, is to turn and point to blacker kettles—not very difficult when the Soviet Union, the world's No. 2 arms salesman, last year sold $5.5bn. worth of weapons, 45 per cent. going to the Middle East. The U.S. is "blacker" still! In 1974 it accounted for 46 per cent. of all arms sales with $8.3bn. worth of orders to 136 countries.

France is well aware that the bonanza the U.S. armaments rivals are enjoying may soon be braked hard by Congressional control. In the present climate of relative political freedom of action enjoyed by President Giscard d'Estaing's government, it is unlikely that French arms makers will be similarly fettered.

As the foreign buyers saunter around the arsenal at Satory this week they may even find that delivery dates are becoming a problem. For this year France is expecting a 50 per cent. improvement in arms sales with an order book worth Frs.30bn. (about £3.2bn.). No. 3 seems to be trying harder still.

HOME NEWS

State control theme in Benn motor-cycle talks

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

INVESTMENT NEEDS of the motor-cycle industry and its possible nationalisation will be discussed at a tripartite meeting to-morrow called by Mr. Wedgwood Benn, the Industry Minister.

This follows discussions between Mr. Denis Poore, Norton Villiers Triumph chairman, and Mr. Benn in which Mr. Poore repeated his conviction that a three-factory industry that included the Meriden Motorcycle Co-operative would need some £25m. at least to keep all profitably employed.

In addition to NVT directors the two factories at Small Heath, Birmingham, and Wolverhampton will send shop stewards. Meriden will be represented by Mr. Dennis Johnson, chairman of the Co-operative, and the new managing director, Mr. David Jones, recruited from the motor industry, as well as union representatives.

The Confederation of Shipbuilding and Engineering Unions, which last January paved the way to the establishment of the Co-operative by calming the fears of Small Heath workers that Meriden would pose a threat to their jobs, is expected to send national officers of the eight unions in the industry.

Altogether the Government has injected or promised nearly £18m. NVT was formed with £4.8m. of Government aid in 1973, after the collapse of BSA, to create a healthy motor-cycle industry.

One of its first actions was to close the losing Meriden factory near Coventry, but the 1,750 workers blockaded it, and last February won an 18-month fight to turn it into a co-operative.

This was backed by Mr. Wedgwood Benn and received a loan of nearly £5m., while NVT, through which the Co-operative is selling its output for the first two years, was guaranteed a further £8m. of export finance.

Mr. Poore has consistently argued that a three-factory industry—Small Heath, Wolverhampton and Meriden—would need £20m.-£30m. more for modernisation and expansion of the model range. NVT recently disclosed its own programme for widening the "super-bike" range with lower-powered machines assembled from parts imported from S.E. Asia and elsewhere.

The Confederation's view is that the Government's involvement in the industry should be taken to its logical conclusion by full nationalisation.

Meriden will occupy an intriguing position in the talks, since its union representatives will simultaneously represent the owners, of whom they are part.

The factory now employs 380, about 100 more than three months ago, and next week will start making machines which it has developed with left-foot gear change, required for the U.S. market, despite having had to re-source most component supplies.

Scots bid for separate representation in EEC

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

GLASGOW, June 9.

IN THE AFTERMATH of Scotland's Yes vote in the EEC referendum, two campaigns were launched yesterday to secure independent Scottish representation in Common Market institutions.

The loneliest but politically the more intriguing of the two was launched by the Left-wing anti-Market MP Mr. James Sillars (Lab., South Ayrshire), a key figure in persuading the party in Scotland in the last two years to accept a policy of devolution to an elected Scottish Assembly.

He now argues, in a pamphlet issued yesterday, that the referendum has fundamentally altered Scottish politics by taking the question of Scottish separation from the rest of the U.K. off the political agenda. "The Nationalists' separatist policy has now been demolished because, by definition, you cannot have separatism inside the Common Market."

He added: "The ideal solution would be for Scotland to gain separate independent representation as a member-State of the Community."

Mr. Sillars said that the forthcoming Bill to establish a Scottish Assembly should contain provision for Scotland to move by stages to full membership of the EEC.

Important issues such as steel, fishing, coal, energy, agriculture and trade with non-EEC countries could be dealt with adequately only by a Scottish Government.

He linked this with a proposed policy of oil-sharing between Scotland and the rest of the U.K. "It is immoral to claim as the SNP does that on the break-up of the U.K. Scotland should go off with all the assets and England should be left with the liability."

The Scottish National Party's leaders yesterday issued an invitation to all MPs to join them in seeking new Community machinery "to ensure that the EEC honours the terms on which it has gained acceptance by the Scottish electorate."

Scotland's endorsement of U.K. membership was far from whole hearted, in sharp contrast to the vote in England, they said.

The party claimed that one of about half a dozen basic guarantees on which pro-Marketeers had reassured the Scottish people was that there could be separate Scottish representation in the Community. This was the only way to guarantee that Scottish interests would not be overlooked in Brussels.

Call for full national status for Wales

By Our Cardiff Correspondent

WALES SHOULD be given full nation status with a place in the United Nations and seats in the European Assembly, it was claimed in Cardiff yesterday.

In a major policy statement, the president of Plaid Cymru, Mr. Gwynfor Evans said Wales should have full control over not only its economic policy, but taxation, foreign affairs and defence.

Mr. Evans said that the party considered the proposed Welsh Assembly, as only an interim measure.

"The Common Market referendum means that plans for devolution to a Welsh Assembly have already become outmoded and the need for full national status is clearer than ever," he said.

"Until we achieve full national status, Wales will be almost completely deprived of any voice in any of the key institutions of the Common Market."

Glass companies lay-off 800 as demand for bottles falls

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

AROUND 800 employees have been made redundant by the glass container industry's three major companies as a result of the big drop in demand for glass bottles and jars.

The industry has never before known such a major change in demand in such a short period. The recession hit in January and so far this year sales of glass containers have been 10 to 15 per cent. below the 1974 levels. And 1974 was, in turn, a poor year for the U.K. manufacturers.

At present United Glass, the company jointly owned by Distillers and the U.S. group Owens-Illinois, is working at the equivalent of 80 per cent. of *capacity at its eight factories.* Two furnaces are being permanently closed, involving 385 redundancies out of the 6,400 employed by the container division. One of the furnaces was due to close two years ago but was kept going because of the boom in demand during 1973 and 1974.

Rockware, which like UG accounts for roughly one third of U.K. glass container sales, has also shut down around 20 per cent. of its machinery. There have been redundancies at Knottingley, where between 60 and 70 were affected, and Wheatley near Doncaster, where more than 200 have been cut from the payroll. Rockware employs about 6,000 in glass container manufacture.

One furnace—at Knottingley—has been permanently shut: again, it was previously earmarked for closure but was kept going during the boom.

At the third major company, Redfearn National Glass, of York, redundancies have totalled more than 200 out of 2,900 and have been put into effect over the past couple of weeks.

The redundancy programme—mainly achieved through voluntary redundancy and early retirements — has allowed Redfearn to go back to full capacity working. One furnace at York has been closed for rebuilding but is now almost back in full production.

The redundancies followed a vast de-stocking by the glass container makers' customers. This was accompanied by a big build-up *in the manufacturers'* own stocks which reached eight weeks against the seven weeks which they maintain is a reasonable maximum.

The Budget, which piled more duty on beer, wines and spirits, will add to the industry's problems. Significantly, two of the furnaces to be closed are those which make green bottles for the wine trade.

At the same time the worldwide depression in Scotch whisky sales has had a noticeable impact on the bottle makers.

The glass container makers are therefore fervently praying that the spell of hot weather will last at least two weeks for this would have the effect of boosting sales of soft drinks in particular. With the amount of de-stocking which has been going on, any upturn in sales *should show up* almost immediately in demand to the container makers.

However, it would take six or seven weeks of fine weather to have a major impact on the current situation.

The U.K. manufacturers can also look forward to an easing of imports of containers. For the import duties were re-imposed on June 1 after a year of relaxation. But many of the contracts signed by the users of bottles and jars still have some months to run and included hefty cancellation charges.

The industry estimates that imports accounted for roughly 10 per cent. of sales last year and the virtual elimination of imports could therefore provide welcome relief for the U.K. industry.

● *George Angus,* the Wallsend fluid seal manufacturers, announced yesterday that 250 of its 2,000 employees are to be made redundant, the main blow falling on part-time staff, mostly women. The company said that the redundancies were made necessary by "a consistent fall in orders in recent months."

Some *240* staff and production workers at the cabinet division of the **Hallam Group,** Langley Mill, Notts., have been declared redundant as a result of the recession in the radio and television industry.

At the Alumasc aluminium casting company at Burton Latimer, Northants, nearly 100 have been put on three-day working following a slump in sales. The company blamed the 25 per cent. *VAT rate on lawnmowers,* for which it makes components, for the need to go over to short-time working.

Chairman critical of 'City gents'

THE CITY of London has "totally fallen down upon the question of loan finance and other means of arranging long-term permanent finance for medium-sized companies," Sir Charles Hardie comments in today's issue of Accountancy magazine.

Sir Charles, chairman of Fitch Lovell and British Printing Corporation, is highly critical of the City institutions and of their management in relation to their investment in the company sector.

He comments on what some regard as "a failure by financial institutions such as insurance companies and pension funds who, having the bulk of the private sector financial resources, have refused to identify themselves closely with individual company problems and who invariably run away, allegedly in the interests of those for whom they hold their funds, when problems appear."

The reason for the "lack of responsibility of institutional investors," he maintains, "stems from their unwillingness to set up appropriate monitor staff, which of itself probably stems from out-of-date structure of their Boards and management."

The pattern hitherto, Sir Charles says, has been "to assemble a distinguished band of part-time 'City gentlemen' whose contribution is mainly supposed to be on the investment front, although they rarely improve upon the usual investment indices."

The investment contribution of Board members, he argues, is "minimal," owing to their non-involvement in day-to-day affairs.

Sir Charles goes on to argue that new capital must be raised for investment in new plant. Prices cannot be put up enough to cover notional replacement cost, and "it is not possible in practice to provide sufficient retention after tax to cover the requirement."

It is futile, he says, to think that reduced corporation tax or allowances, delayed in cash terms, can themselves provide the full contribution required. New capital must be raised; the product of such new plant is sold at inflated prices compared with those obtaining at the time of acquisition of the old plant, and "in a prosperous economy the necessary rise in profits in money terms tends to follow, to cover the interest factor on the new capital required."

Air cargo rates up in autumn

By Michael Donne
Aerospace Correspondent

INCREASES ranging up to 15 per cent. in world air cargo rates have been agreed by the airlines, to become effective on October 1 (from September 1 on the North Atlantic) for a period of two years.

The increases, designed to help the airlines meet current inflationary trends, vary widely according to area and route, but the average increase is about 5 per cent. to 8 per cent.

Apart from these rises, which were agreed at a four-week meeting in Nice of member-airlines of the International Air Transport Association, other measures were approved in the *battle to keep costs under control.*

For example, the airlines agreed on the need for further standardisation of "aircraft unit load devices" (ULDs)—pallets, igloos and containers—to make it easier for would-be shippers to turn to air transport.

Another significant agreement was on the need to revise the rules of ownership of these ULDs, to allow member-airlines to lease them rather than buy them.

This matter will now be studied by the IATA ULD Board, and its recommendations will be submitted to later airline cargo conferences.

Apart from these moves, there are no changes in the overall cargo-rating structure—*for example, there are no new moves* to stimulate bulk commodity shipments by the introduction of special bulk rates, which some of the major airlines have been seeking for some time.

WOOL WEAVER'S 'WINDOW'

A small woollen company, Curlew Weavers, whose mill at Rhydlewis, Dyfed, is deep in the countryside of West Wales, has just opened a shop for the contract and tourist trade to customers from America, Australia and Denmark in the fast developing yachting marina near the new world trade centre complex at St. Katherine-by-the-Tower in London's East End.

The Curlew Weavers' shop is the third to be opened in what will ultimately be a large complex including 800 houses, a church, cinema and theatre, and will adjoin the world trade centre.

How indices have moved

HIRE PURCHASE

£m. seasonally adjusted

Finance Houses & Retailers	New Credit extended
1970	1,735
1971	2,053
1972	2,497
1973	2,871
1974	2,517
1974 3rd	648
1974 4th	679
1975 1st	723
1975 January	246
1975 February	243
1975 March	234
1975 April	271

WHOLESALE PRICES

1970=100

	Output prices (home sales)	Material prices
1972	114.8	109.2
1973	123.2	144.5
1974	152.0	215.3
1974 3rd	156.1	212.9
1974 4th	164.9	222.1
1975 1st	176.0	220.9
1975 March	179.2	221.9
1975 April	182.3	222.8
1975 May	187.3	225.2

RETAIL SALES VOLUME

1971=100

1972	105.8
1973	110.7
1974	109.9
1974 3rd	111.0
1974 4th	111.6
1975 1st	111.5
1975 Feb.	112.3
1975 March	109.4
1975 April	120.2

FIXED CAPITAL EXPENDITURE

(seasonally adjusted: £m. 1970 prices)

	Total	Manufacturing Industry
1970	4,219	2,130
1971	4,139	1,997
1972	4,221	1,806
1973	4,453	1,924
1974	4,466	2,133
1974 1st	1,106	527
1974 2nd	1,086	530
1974 3rd	1,143	529
1974 4th	1,131	547
1975 1st	1,022p	502p

p provisional

HOME NEWS

Selby coal mining scheme inquiry in its final stage

FINANCIAL TIMES REPORTER

AFTER TEN WEEKS of talking about the National Coal Board's plans for developing the world's largest mine complex at the new Selby coalfield, the public inquiry to-day enters its final stage with a two-week field tour in the area.

Mr. Matthew Adamson, the planning consultant appointed as inspector of the inquiry, will to-day visit some of the Selby villages to look at conservation areas and listed buildings which witnesses have claimed need protection from the £200m. mine development.

On succeeding days this week Mr. Adamson will look at the drift mine site and the locations of the five planned shafts, closely study the road networks, rail links and level crossings of the area as well as the power stations which will eventually receive the Selby coal.

Next Tuesday he will start the second week of his tour on some of the farms that will be undermined, cruise down the River Ouse, looking at potential flood dangers, examine the canal system and meet parish councillors in their own villages to conclude an investigation which began on April 2.

The inquiry has sat for 37 days over a ten-week period, heard 108 witnesses and at the end has very little of contention to adjudicate on.

Compromise

The village of Wistow where the first man-riding shaft will be sunk is the only settlement opposed to the scheme. The town of Selby has been promised by the Coal Board that the pillar of coal which will be left to protect the ancient abbey will now be extended to protect the banks of the River Ouse in the centre of the town and the nearby industrial area.

However, the Coal Board is against extending that pillar to protect houses as Selby Council desires. To do that would deprive Britain of 7m. tons of coal worth at to-day's prices £84m. The Coal Board reckons that to repair any subsidence damage and renew the ageing sewers of the town would only cost £2.5m. and rest their case on that.

The inquiry has been remarkable for the willingness of the parties to compromise. That has allowed the process to be speeded up and it should enable Mr. Adamson to make his report to the Secretary for the Environment well before the end of the year and give the Coal Board the go-ahead in ample time to start development next spring.

● Our Walsall Correspondent writes: A public inquiry has been ordered into Coal Board proposals to open-cast mine 400m. tons of coal from land at Norton Canes in Staffordshire. Hundreds of villagers are opposing the scheme, which they claim will despoil 578 acres of land in an area already scarred by mining. The inquiry will be held on July 9.

Boeing extends RB-211 deadline for Dash engine decision

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING OF the U.S. has now extended to the end of this month its deadline for a decision from the U.K. Government on financial support for the plan to put the Rolls-Royce RB 211 Dash 524 engine into the 747 Jumbo jet.

This extension is intended to give the U.K.—both Rolls-Royce and the Department of Industry—time to get over the political effects of the Common Market referendum and decide whether or not they intend to pursue the idea of a Rolls-powered Jumbo.

Boeing, in a letter from Mr. Tex Boullioun, president, to Mr. Wedgwood Benn, Secretary for Industry, has made it clear that if a Rolls-powered Jumbo is to be ready for delivery in 1977, work must be pushed ahead now.

In fact, Boeing already has a 747 earmarked on the production line for the RB-211 engine, but wants to be sure before going further that the necessary engineering work for installing the Dash 524 will be done by Rolls Royce and its sub-contractors, including BAC.

The latter company will make the strut that will attach the engine to the 747 wing. Design work for this is completed, but before production can start some cash has to be forthcoming.

Boeing has also made it clear that while up till now it has borne much of the aircraft engineering cost out of its own pocket, from the end of this month, if no decision to proceed is forthcoming, someone in the U.K.—either Rolls or the DoI—will have to pay for the work already done.

Hitherto, the DoI has insisted that while the Dash 524—a more powerful version of the RB-211 giving 50,000 lb and more of thrust—is already under development for the advanced versions of the Lockheed TriStar, cash for its further development for installation in the Jumbo jet must await airline orders.

So far, British Airways has promised an order if development is pushed ahead, but no other airline has done so. Boeing and Rolls argue that other world airlines will only place orders if the project goes ahead, while the DoI wants to see the orders first.

A Parliamentary answer by Mr. Benn yesterday indicated that the DoI had not budged from its position.

The amount of cash involved is understood to be comparatively small: initially — about £11m., since most of the cost of the Dash 524 engine's basic development is already being found by Rolls and the DoI for its installation in the Lockheed TriStar.

It is also understood that Boeing would be happy to continue with the work on the venture if only a small deposit were paid to cover work done so far and as a gesture of goodwill. The amount of such a deposit would be not more than, say, $50,000, although it would also have to be backed with guarantees of continuance in the venture.

Boeing, however, was making it clear behind the scenes at the Paris Air Show recently—and privately in communications to Rolls and the DoI in London—that its patience is running out fast, and that it is not prepared to go on for ever extending the basic agreement with Rolls on the venture.

Boeing knows that Rolls needs the Jumbo jet as another market for the RB-211 far more than the Jumbo needs Rolls, since the aircraft is already selling well with the Pratt and Whitney JT9D and General Electric CF6 engines. Mr. Tex Boullioun has already said that the Jumbo with the RB-211 could have a "good market potential," adding that he hoped "the Ministers concerned will consider it with this in mind."

New Manchester Liners' Iskenderun container link

BY JAMES McDONALD, SHIPPING CORRESPONDENT

WITH A number of containership operators investigating the possibility of trade with the Middle East — the major problem being the lack of return cargo for the containers — Manchester Liners' Mediterranean Service is to introduce in mid-July a new regular service of containerships to the congestion-free port of Iskenderun in Turkey.

This decision follows the company's decision last week to offer a fully cellular containership service between Manchester and Beirut. Both services will operate from Manchester.

The Iskenderun service will be inaugurated by the Manchester Falcon, a cellular vessel, and sailings will be on a fortnightly basis.

Blue Star Line, part of the Vestey group, will take delivery next week of two new "reefer" (refrigerated cargo) ships — the Avila Star and Andalucia Star —for its world-wide "reefer" services.

Another of the specialist A-class ships, Avelona Star, will be launched on Thursday from Smith's Dock, Middlesbrough, part of the Swan Hunter group.

Like her sister "reefers," Avelona Star will be a 23 knot vessel of about 10,800 d.w. tons.

International road haulage drivers will be offered a new high standard of sea travel with the arrival yesterday on the Felixstowe-Europort route of Townsend Thoresen's newest ship, the 3,200 gross tons European Gateway.

She is the first in a new class of roll-on, roll-off freighters being built for the company in Bremerhaven. Two sister ships will be added to the fleet over the next 12 months.

European Gateway can carry about 1,000 metres of commercial freight and has a special deck for 32 export cars.

Luxurious facilities are available for drivers and there are 54 cabin berths: it is planned that the ship will be able to accommodate a limited number of passengers and cars.

Caledonian seeks higher shuttle fare

By Michael Donne, Aerospace Correspondent

CONCERN over the competitive impact on its services of the British Airways London-Glasgow Shuttle operation is expressed by British Caledonian Airways in new applications to the Civil Aviation Authority.

BCAL is asking the CAA to give it a "differential fare" on its services between Gatwick and Glasgow and is also asking for the number of flights on the Shuttle to be restricted.

BCAL says that there should be a premium of £2 on each one-way Shuttle fare, which would increase it to £21. The BCAL one-way fare between Gatwick and Glasgow would remain unchanged at £19. BCAL also wants a premium of £4 on the return excursion Shuttle fare.

BCAL also wants to see a limit of five services a day in each direction on British Airways' services to Glasgow, with a maximum of 31 a week and four flights a day, with a maximum of 26 a week, on the route to Edinburgh.

The independent airline justifies these requests on the grounds that they would restore the falling profitability of the domestic trunk routes and counter the "uneconomic competition."

Mr. Adam Thomson, chairman of BCAL, said the applications to the CAA had been made "to provide the Authority with options for urgent action to restore profitability and maintain a high level of competition on the U.K. domestic trunk routes to Scotland.

"Shuttle was introduced when services on the Glasgow route were already seriously unprofitable, since when load factors have fallen.

"We support the concept of Shuttle and have said so publicly. But Shuttle-type services should be introduced on routes best able viably to support such an operation."

NatWest branch in Edinburgh

By John Trafford, Property Editor

THE National Westminster Bank's first Scottish branch is to be at 80 George Street, Edinburgh, a 44,000 sq. ft. office block recently completed by English Property. A rent of £4 a sq. ft. has been agreed.

George Street with St. Andrew's Square is the main banking and insurance area in Edinburgh and NatWest will be the first of the big four English clearing banks to set up a base in Scotland.

English Property carried out the development in association with Scottish Amicable Life Assurance Society. The premises were entirely rebuilt behind the original 1907 stone facade.

Distributing garments on the peg

Financial Times Reporter

A NEW division to serve the textile and garment distribution industry has been formed by National Carriers, the parcels and small freight company within the National Freight Corporation.

The company, which has been involved in textile distribution for a number of years, is hoping to take advantage of the move towards hanging garment distribution, though it will also deal with boxed garments.

NEDO REPORT ON PROCESS PLANT

Demand up despite inflation

BY RAY DAFTER

COMPANIES which fabricate and instal process plant expect record trading conditions this year, in spite of the economic climate.

Figures released by the National Economic Development Office yesterday show that the U.K. is expected to spend £1.1bn. on process plant this year, which even in real, constant-price terms is almost double the 1973 level.

Overall the total capital expenditure by the process industries is forecast to amount to £8.6bn. in the three years up to the end of 1977. Of this, the largest element—some 40 per cent.—is likely to go on North Sea oil production development.

North Sea oil

Sir Frederick Warner, chairman of NEDO's process plant working party, maintains that process plant and equipment manufacturers are missing out to overseas companies on much of this North Sea oil work, however. "I wish we were getting half the business, he said yesterday.

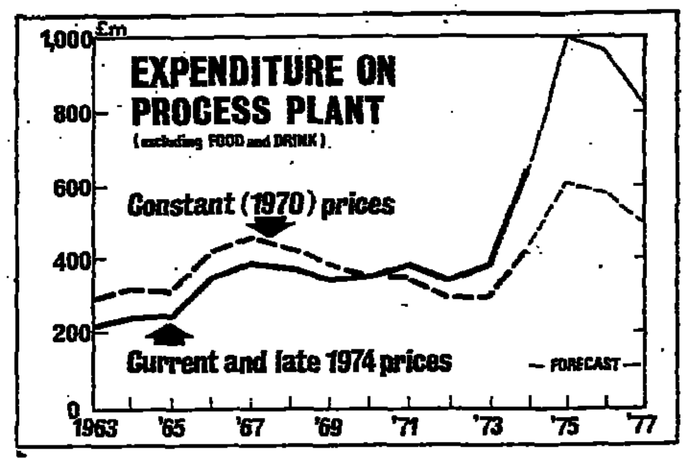
"I doubt whether we are holding our own in this field," Sir Frederick went on. There were major weaknesses in the production of compressors and the manufacture of large diameter pipework, for instance. Where the U.K. process plant industry had the know-how and capacity it had managed to win over three quarters of the potential business.

The Government has been carrying out a study into the performance and potential of providing equipment to North Sea oil and gas companies. Its findings are expected to be published shortly.

The latest working party report on process industry investment trends paints a "surprisingly" buoyant picture with no signs of a decline in activity caused by the economic recession, said Sir Frederick.

This year's expenditure of £1.1bn. (at late 1974 prices) appears to be the peak of the current investment cycle. Next year the figure is expected to be just over £1bn. while in 1977 it is likely to fall to £882m.

An anticipated decline over the next few years reflects the likely slow-down in North Sea oil development. The working party points out, however, that no provision has been made for expenditure on North Sea oil and gas fields as yet undiscovered; as a result, the forecast may underestimate the level of demand in later years.



The working party adds that provided the chemical industry maintains a level of investment at least equivalent to the average of recent years, total expenditure on process plant and equipment is unlikely to fall to the low levels of 1972 and 1973.

Energy

Another mainstay of the process plant sector—the chemical industry—is striving to resist the cyclical pressure on its spending programme. As Mr. Martin Trowbridge, director general of the Chemical Industries Association, said yesterday: "We have been trying not to lose our nerve."

Chemical companies are expected to spend £240m. on process plant this year as against £182m. last year and £128m. in 1973. Investment levels are expected to be even higher in 1976 and 1977.

Sir Frederick emphasised that the chemical industry's future investment partly depended on a return to reasonable levels of inflation and the ability to generate adequate cash flow and profitability.

A reduction in energy consumption was hitting both the oil refining and electricity generating sectors he went on. The postponement of the planned Occidental refinery on Canvey Island and delays to other projects were reflected in the petroleum industry's investment figures. These showed a drop of £200m. in total capital expenditure in the three years 1974 to 1976 compared with the forecast last year.

The effect of energy conservation, high fuel costs and the slow growth of the economy pointed to a more modest increase in electricity power investment. Electricity demand was expected to be 54,000 MW in the winter of 1981/82 against the 61,700 MW forecast in March last year. The cut back meant that the Central Electricity Generating Board now had no need to order any new coal or oil fired stations until 1978. This, in turn, represented a decrease in expenditure of £135m. compared with last year's forecast for the five years 1974-1978.

Potential exists for process engineering contracts, particularly abroad according to the latest report of the working party. The total value of new orders from the U.K. and overseas at £1.1bn. is more than double the value of new orders obtained in 1973 although 10 per cent. lower than last year.

The importance of overseas markets to contractors is demonstrated by the survey which shows that the £1.7bn. worth of new orders for plants to be erected overseas obtained in 1974 and 1975 is nearly three times the value of new orders for plants erected in the U.K.

Skilled labour

Middle East States have announced ambitious schemes for developing refining and chemical capacity. While the process plant working party feels that shortages of manpower and inadequate infrastructure will hinder the rapid development of many schemes, it recognises that U.K. companies are faced with many attractive opportunities.

Two particular problems are concerning the process plant industries, however. Shortage of skilled labour is still causing some difficulties (although the situation is easing) and there is widespread worry about the number of chemical and mechanical engineers joining the industry. Sir Frederick warned that this shortage could lead to an unstable period with engineers being enticed from job to job.

Second, the industry—particularly contractors—is alarmed at the continuing high inflation rate. This is not only making contract price estimating hazardous, it is also hampering companies' export prospects.

LABOUR NEWS

Top job satisfaction 'should offset pay ceiling'

BY JOHN ELLIOTT, LABOUR EDITOR

THE MOTIVATION and job satisfaction of the top paid heads of British industry should be *taken into account when their* salaries are fixed, according to TUC leaders who yesterday suggested that a ceiling for salaries should be fixed at £20,000 a year, £10,000 after tax.

Three senior TUC leaders told the Royal Commission on the Distribution of Income and Wealth that there should be more "openness" about top salaries, that the satisfaction of doing top jobs should mitigate against high pay and that the gap between the top paid and the worst off should be drastically narrowed.

They clearly resented the fact that top salaries were fixed without collective bargaining or public scrutiny. This was summed up by Mr. Alan Fisher of the public employees, who attacked deals "made behind closed doors, on hidden pieces of paper and locked away in drawers."

Mr. Len Murray, TUC general secretary, insisted that their complaints, which included advantages given to the "right face and the right name" by Britain's educational system, were not motivated by envy.

Mr. Fisher stressed that "social justice is what you can see and feel happening" and in this context, when there were economic problems, "sacrifice and restraint should be seen to be exercised by those who are able to afford it."

Backing written evidence, already submitted to the commission for its inquiry into higher incomes, which was reported in the Financial Times yesterday, the TUC leaders argued that "the distribution of income from employment is perhaps the single most important factor in the *average* worker's perception of what is meant by inequality."

The TUC submitted a list of some 18 top industry leaders who, it said, earned from £50,000 (Sir Ernest Woodroofe, of Unilever) to £91,000 (Mr. A. Rhea of Vauxhall Motors) in 1973. The union leaders said they found it "offensive" that a wide gap existed between these highly paid directors and low-paid workers.

Mr. Murray argued that "responsibility is a reward in itself" while skill was a "natural characteristic" which did not necessarily justify wide pay differentials. He acknowledged that not all TUC leaders—those representing the highly paid for example — would necessarily agree with all he *was saying, but went on to insist* that "people will seize the top jobs even if the monetary rewards are less."

Developing the theme that a company chief's motivation and responsibility was a reward itself which would spur men on to take the top jobs without great financial rewards. Mr. Murray said: "Who wants to be the deputy chairman of ICI—with all respect to Sir Michael Clapham—if you can be the chairman of ICI with all the influence and responsibility and access to Ministers and all that implies.

"People of this sort grasp responsibility. They want responsibility and it is not money that counts" He acknowledged, however, that money might be a more important motivation lower down the management ladder.

He did not exclude union leaders (who are broadly in a £5,000 to £12,000 a year range) *from* his views and said: "We union leaders get a great deal of satisfaction and joy out of our jobs. We are being paid for doing something we'd do in our spare time anyway."

Mr. Murray also warned that the TUC's policy of union elected directors on supervisory boards would lead to more questioning of pay levels.

Lord Allen, of the shopworkers, expanded on this and called for more "openness" when he said: "People are increasingly going to challenge the basis on which corporate management make their decisions and that will include the money they are paid."

The union leaders, however, admitted that there was a "lateral problem" over whether their £10,000 proposed net salary *ceiling, primarily aimed at company* management, should be applied to pop stars and footballers. They felt it should, although they had some sympathy with the shorter time for which the entertainer would earn his top money.

Ship owners accept arbitration talks

BY ROY ROGERS, LABOUR CORRESPONDENT

SHIPPING INDUSTRY employers yesterday agreed to arbitration on the deadlocked pay negotiations covering 40,000 Merchant Navy seamen in line with last week's decision by the National Union of Seamen.

But the employers, the General Council of British Shipping, have considerable reservations about the union's reluctance to be bound by the outcome of the arbitration and this issue is being raised with officials at the Advisory, Conciliation and Arbitration Service.

Last night the employers and the NUS were at the ACAS where they were endeavouring to agree terms of reference and the composition of the arbitration tribunal.

Although the union's negotiating committee had been against arbitration, this position was reversed last week when the NUS national executive split 10-8 in *favour of arbitration, a decision* which removed, for the time being, the prospect of a repeat of the 1966 seamen's strike.

However, the possibility of industrial action if the union is unhappy with the findings of the arbitration remains. This was indicated yesterday when a meeting of about 70 seamen at South Shields urged their executive to stand by their demand for £40 for a 40-hour week and pledged to support industrial action if necessary.

The South Shields meeting was addressed by Mr. Gordon Norris, a member of the NUS executive and one of the "tightly-knit group of politically motivated men" spotlighted by Mr. Harold Wilson, the Prime Minister, at the time of the 1966 strike.

In sticking to their claim for a £40 basic wage, plus demands for improved overtime payments —which the employers estimate would add 81 per cent. to their annual wages bill—the NUS has rejected a £28m. offer which wold have established a consolidated basic rate for seamen of £33.46.

Under this 30 per cent. offer, average earnings for a foreign *going able seamen would have* risen from £59.25 to £70.35 for a 67-hour week including "new money" of £11.10 of 18.7 per cent. and the consolidation of £4.40 a week cost of living threshold payments already being made.

Rail peace formula bid to-morrow

BY JOHN WYLES, LABOUR REPORTER

BRITISH RAIL will meet the three rail unions for top-level talks to-morrow aimed at stopping the threatened rail strike from June 23 by 130,000 members of the National Union of Railwaymen.

The meeting will be the first attempt to find a peace formula since the NUR rejected a 27.5 per cent. railway arbitration award and called a national strike eight days ago.

The award has been accepted by BR and the other two rail unions and to-morrow's talks have been called to discuss its "implementation and interpretation". While BR has no intention of meeting the full NUR claim for rises of up to 35 per cent. it will be looking to the union's general secretary, Mr. Sidney Weighell, for any signs of a willingness to compromise.

Sit-in at tractor plant ends

By Peter Cartwright, Midlands Correspondent

NEARLY a month's occupation of the Massey Ferguson tractor plant in Coventry ended when 17 management representatives led by Mr. *Terry Jayme, group* personnel director, and armed with a High Court Order, regained possession of the buildings.

The Order, made by a judge in chambers on Friday after hearing summonses against more than 300 of the 4,500 strikers, was served without warning the following afternoon.

Pickets

While four police officers stood passively on the other side of the road, the Order was served at the main gates on the 24-man picket in the assembly shop.

After alerting Mr. J. Dunn, joint shop stewards convener from the transport union, the pickets agreed to revert to normal picketing if management was *prepared to meet union representatives* to get their pay claim settled as quickly as possible.

A meeting with Mr. Jayme has been arranged for Wednesday and the stewards will meet the following day to learn the results.

£15m. cost

Yesterday, all 1,800 staff, many of whom had been working from home or hotels, were back at their desks. But before production can resume a pay compromise has to be worked out. "We expect an improved offer on the £7.44 average so far offered and rejected," Mr. Dunn said yesterday. "In that respect nothing has changed."

The strike, which started on May 2, has cost the company about £15m. in lost output, some 70 per cent. of which is exported.

NALGO members ask for strike ballot

BY OUR LABOUR STAFF

LEADERS OF 400,000 local government white collar workers were yesterday refused authority to reach a settlement on their 35 per cent. pay claim without first coming back to the membership to report on the proposed terms of the deal.

Against its wishes, the executive of the National and Local Government Officers Association was instructed at a group meeting in Blackpool to report any improvement of the local authorities' 21.7 per cent. offer to a resumed group meeting.

In the meantime, NALGO delegates called on the executive to prepare for a strike ballot of members and to recommend some form of industrial action to the resumed group meeting.

Yesterday's moves will harden the union negotiators' attitude on pay when they meet the employers next Monday, but an attempt to harden it further yesterday by ordering an immediate strike ballot was decisively defeated.

Debate

The debate centred on the issue of how militant NALGO should be, or could be, in fighting for its claim for £10 a week all-round, plus 15 per cent., which, it is estimated, is the equivalent of a 35 per cent. rise in the local authorities' wage bill of £1,000m.

This is far above the 21.7 per cent. offer, which is based on the rise in the cost of living in the past 12 months. But NALGO is seeking at least as much as the recent 26 per cent.-a-year civil service settlement and is anxious to maintain differentials with local government manual workers as well as keeping pace with living costs.

Moreover, while NALGO want its £350m. claim to be backdated to May 1—which would breach the social contract's 12-month rule—the local authorities say any settlement must operate from July 1, 12 months after the last deal.

The negotiations are taking place at a time when the Government is threatening a major cutback in public spending because of inflation and when there is an outcry from householders all over the country about the leaping rate burden.

Mr. Fred Jex, chairman of the union's local government committee, warned against the danger of too hasty strike action and said that selective stoppages might result in dismissals or workers being sent home; the proposed one-day national strike was merely a demonstration that could back fire, if it was a failure, leaving a discredited executive huffing and puffing.

There were further signs of *white-collar unrest over pay at* other group meetings of NALGO delegates in Blackpool.

Those in the gas industry issued a deadline for a strike ballot on their pay claim, a similar one to that for local government officers, by demanding that if the claim is not met in full by July 1 they will seek executive support for a ballot on industrial action.

Delegates from the electricity industry accepted the principle of a 15-month deal offered by the Electricity Council, but urged that the procedure for official industrial action should be put in motion if current pay talks prove unsatisfactory.

Nalgo's full conference covering the whole of the 560,000-strong membership starts to-day and to-morrow delegates will be addressed by Mrs. Shirley Williams, the Prices Secretary.

ASTMS plan for 'rising food cost' pay rises

A PLAN for flat-rate pay rises to compensate specifically for rising food and fuel costs has been submitted to the TUC by Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs.

These pay rises should be on top of the proceeds of normal collective bargaining, says Mr. Jenkins, whose proposals have been sent to the TUC in advance of to-morrow's key meeting of its economic committee.

The ASTMS leader argues that there should be an effective freeze on fuel and food prices.

The raising of tariffs under Common Market membership means that food prices would continue to spiral, but the effect of these rises could be measured and it would be possible to establish flat cash payments to compensate.

Pensioners, including those on disability pensions, should be given their compensation payments every month or every three months, Mr. Jenkins adds.

Ministry urged to act over ambulancemen's pay

BY CHRISTIAN TYLER, LABOUR STAFF

DEPARTMENT of Health officials were urged yesterday to take action in the pay row that threatens to restrict many of the country's ambulance services to emergency work only.

The request came from the National Union of Public Employees, one of four unions involved in negotiating a national salary structure for Britain's 2,700 ambulance officers, transferred from local authorities to the Health Service last year.

It came after another day of angry complaint by the officers—who man control rooms and direct ambulance crews—and *warnings of more industrial* action.

Among areas where officers are already taking action are Northumbria, Durham, Cleveland, Hampshire, Dorset and the Isle of Wight. Officers in Scotland have threatened to join the protest to-day and those in London in about a week.

The men say that the proposed national structure will mean little or no pay rise—and in some cases a drop. But yesterday Mr. David Packham, a national officer of NUPE, said he thought there was widespread misunderstanding about the terms of the proposed deal, partly due to the re-naming of various grades.

He has asked the DHSS to tell the health authorities to try and correct any misunderstandings with their men locally.

The spate of unofficial action follows pay talks 10 days ago after which union negotiators said they were recommending acceptance and calling off *threatened official industrial* action.

Hopes of averting large-scale trouble seem now to depend on a further meeting between the DHSS and union negotiators.

The industrial actions means in general that crews are not being sent out for routine transport of out-patients to hospitals.

Swan Hunter stewards reject new proposals

BY OUR OWN CORRESPONDENT

MORE PAY trouble loomed last night for Swan Hunter when *shop stewards representing 3,500* boilermakers in the Tyne shipbuilding yards rejected a new offer by the management.

The men will be asked to do the same at a mass meeting at Newcastle to-day, and also to serve 14 days' notice to terminate their present agreement.

At the end of this time, they would revert to the strict working of their respective trades and drop all flexibility and interchangeability now accepted between them.

With annual holidays due next month, no one, however, seems to be talking of strike or other action in support of the claim for *a substantial increase.*

The boilermakers are now averaging about £53 a week. Management is understood to have offered an immediate increase of £5 made up of interchangeability, flexibility and bonus payments with another £4.10 to come in bonus and threshold increases in the next 12 months—a total of £9.10.

It is believed, however, that *shop stewards are looking for* another £3 to £4 on top of this before recommending acceptance. Another objection is that the management has offered no increase on present basic rates.

No pay offer for journalists

PAY DEMANDS covering some *4,000 journalists employed on* national and London evening newspapers were costed by the employers at £2½m. during negotiations yesterday which were adjourned without an offer being made.

The Newspaper Publishers Association told union negotiators that, faced with losses totalling £2½m. last year, the newspapers could not make an offer. The employers asked the National Union of Journalists to indicate the minimum rises it could accept.

The NUJ has claimed increases averaging about 25 per cent. in a *bid* to revive a national salary agreement which lapsed after the breakdown of talks last year. The two sides are expected to meet again soon and, whatever the national outcome, house bargaining at individual newspapers is likely to follow.

LORD HEYWORTH FELLOWSHIPS

Unilever is to make a grant of £50,000 to Nuffield College, Oxford, over the next 10 years *to provide a series of post-graduate Fellowships as a memorial to* Lord Heyworth, its former chairman.

The Heyworth Fellowships will be two year Junior Research Fellowships for subjects of interest to commerce and industry.

It is hoped that the Unilever grant will enable Nuffield College to offer five such Fellowships over the 10 years.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Beam memory can speed computing

A GLIMPSE of the shape of things to come in computer mass storage is afforded by an announcement from General Electric Company of the U.S. of an electron beam semiconductor device that allows access to stored information at 1,000 times the rate of to-day's drum or disc memories.

Developed initially for military applications, the memory could in due course eliminate the inefficient use of computer time that now occurs when the central processor has to await data coming from its slower auxiliary memory. This access-time gap between rapid main memories and the slower mechanical auxiliary memories has, says the company, been a major bottleneck to faster processing and increased productivity from computer systems.

According to the developer the impact on the architecture and operation of computer systems will be far reaching and is expected to result in substantial reductions in hardware and software costs.

The memory has been named BEAMOS, an acronym of "beam addressed metal oxide semiconductor." It is essentially an evacuated cylinder in which an electron beam addresses an unstructured metal oxide silicon (MOS) target.

The present units are four inches in diameter, 17 inches long and weigh about 3 lb. The MOS memory plane stores data as minute islands of positive charge spaced by four microns. An electron beam matrix lens and deflection system is used for reading and writing the data. The capacity of the plane at the moment is 32 million bits (megabits) but several modules can be operated by a single controller, either individually with a 10 megabit data rate or in parallel for higher rates.

Capacity

Modules of the same external dimensions are under development that have 100 megabit capacity each, with 2.5 micron bit spacing, and units with one gigabit (a billion bits) capacity are believed feasible.

There are four 15 mm. square chips making up the target, on a ceramic baseplate. The surface consists of n and p type silicon layers connected electrically to form a black-biassed diode, and an evaporated film of aluminium on a thin insulating layer of silicon dioxide. A 40 V bias between aluminium and n layer produces the "write" mode when the 10 kV electron beam strikes: positively charged "holes" remain near the oxide-silicon interface for months.

To read, a slight negative or zero bias is used. Some of the "holes" generated by the addressing beam on penetrating the silicon are repelled under those oxide regions containing the stored positive charges of data, resulting in a signal pulse as they sweep across the oxide-silicon junction. To erase, an appropriate reverse bias is applied to the aluminium causing the reading beam to neutralise the stored positive charge in the oxide, resulting in destructive read-out.

BEAMOS is compatible with the software of most of to-day's computing systems and its speed assures a three to one improvement in computer throughput states GE (U.S.A.). Access time is given as 30 microseconds, contrasting with perhaps 30 milliseconds in disc stores.

Tapes work better with iron

A TRUE revolution in magnetic tape performance could be sparked off by work in progress at the Aachen research laboratories of the Philips Group.

It has been found by a research team under Dr. K. G. Knauff, that iron particles in the form of tiny needles can be made to respond far more effectively to the magnetic signals from recording heads than competing materials. They can be incorporated into tapes with a noise to signal ratio of up to four times better than the best current tapes at higher frequencies.

These needles are made by progressive reduction by hydrogen in a fluid bed of a special form of iron hydroxide. Freshly reduced needles—they are only 0.3 micron in average length—are impossible to handle in air since they ignite spontaneously as soon as they are exposed.

But a method of coping with this has been evolved. It consists in passing a current of inert gas over the needles in the same fluidised bed and adding very small amounts of oxygen progressively.

The result is the formation of a passivated layer on the surface of the needles, the inert gas carrying away the heat and helping to stop the reaction from penetrating deep into the surface.

Kilogram amounts of needles are being made at the moment but there are apparently no problems scaling up the process to make tons.

Performance of the tapes based on the needles is being improved on still further, which is of major significance for video and high fidelity recording. When they come into commercial use—there are still a few technical problems to be solved—it is expected that the price will lie between that of ferrite tape and of chromium oxide materials.

The company gives the gain in signal/noise ratio as 12 dB against ferrite and 7 dB against chrome oxide measured at 10 to 12.5 kHz and 4.75 cm/second.

Philips Research Laboratories, Aachen, West Germany.

● OFFICE EQUIPMENT

Speeds the work of the artist

LETTERING in a variety of styles, sizes and colours on transparent or opaque tape for immediate application to artwork, drawings, etc., can be produced by a machine introduced by GAF (Great Britain), PO Box 70, Blackthorne Road, Colnbrook, Slough SL3 0AR (Colnbrook 4567).

Called Gafont, the machine is little larger than a portable typewriter, weighs 19 lbs, is electrically operated, and involves no chemicals. It is claimed to be simple to use, and to be quicker, cheaper and more accurate than dry-transfer lettering systems.

It has been designed for use in graphic art studios and drawing offices producing originals for reproduction by lithographic, photographic and dyeline systems.

There is no character keyboard. Characters are cast on a font disc which is rotated manually to select each character. Printing, letter spacing, word spacing, and advancing and cutting the carrier tape are all button operated.

There are 65 font discs currently available for the system, including upper and lower case letters, numerals, punctuation marks and useful symbols. Type faces include Univers, Gothic, Futura, Century, Helvetica and Microgramma.

The eight-inch disc carries 50 characters and the nine inch disc, 60.

The carrier tape on which the lettering is produced is available in widths of 0.2 and 0.4 inches, either transparent (non-reproducing), black (for reversal) or white. After printing, which is done from a black, white, red or blue ribbon a backing material is removed and the lettering is ready for application to any smooth surface, including film, drawing papers, photographic prints, Xerographic copies, mechanical boards, glass or plastics.

Lettering can be repositioned several times without deterioration, and can be enlarged or reproduced without loss of quality. It is said not to crack or peel.

Running costs, including power consumption and carbon ribbon usage, are about 10p per foot of carrier tape on which 120 characters in 8 pt or 36 characters in 36 pt can be produced.

● HANDLING

Bales bulky metallic waste

TO COPE with the metal extracted from municipal waste, and other bulky baling problems, Planters division of Entwistle and Gass, Nelson Street, Bolton, Lancs, BL3 2AP (Bolton 23367)—a Hawkcroft Group company—has developed an hydraulic three-stage baler.

A hopper collects metals as they are removed from the waste and feeds into the gathering chamber of the press. When the hopper is full, the gathering ram automatically retracts, and the material drops into the chamber. The gathering ram moves forward pushing the materials into the secondary pressing chamber and simultaneously shearing any projecting metal.

When this stroke is completed, vertical rams produce a 12 x 12 inch cross section and start the final pressing stage. A ram applies a preset load, retracts so that the end door can be lifted, and ejects the bale. Outputs of up to a bale a minute can be achieved.

In works tests, bales of 70 to 130 lb. were produced, ranging in length from 6 to 12 inches. Replaceable liners are fitted.

Reach truck for narrow aisles

ELECTRIC narrow-aisle reach trucks for high-cycle, heavy duty operation in tight spaces have been introduced by the industrial truck division of Clark Equipment, P.O. Box 20, Vale Road, Yorktown Industrial Estate, Camberley, Surrey (0276 63491).

Offered in 2,500, 3,500 and 4,500 lb capacities, the NP500 range is 36 V battery powered. It will stack to heights of more than 264 inches. A pantograph reach mechanism extends the forks 26½ inches.

Load widths are not confined to the distance between the unit's outriggers, and wide loads can be picked up at floor level by the reach mechanism and pulled back over the outriggers.

Travel speed and lift controls are contained in one operating lever.

Hydraulic functions are divided into two separate systems. The demands of the lift system are served by a Class H insulated motor and variable displacement vane pump. The pump's built-in pressure compensating governor controls the volume of oil to the lift cylinder, eliminating the need for a pressure relief valve.

Power steering, pantograph reach and auxiliary functions operate from a second pump and motor compatible with their lower oil volume.

The dual system, in matching these functions to required oil volumes, reduces oil-heating, conserves battery current and reduces stress on hydraulic components, says the maker.

● PACKAGING

Forming cartons with the aid of Whitehall Machinery's manually-operated machine. Could be useful for very small runs or experimental work.

Small forming machine

A LOW-COST, hand-operated machine for the erection of heat-sealable cartons or trays from flat blanks in one simple operation has been developed by Whitehall Machinery, Chalks Road, Whitehall, Bristol BS5 9ER (0272 553551) — a Dickinson Robinson Group company.

Known as "model HS" the machine is stated to be adaptable to almost any combination of carton dimensions up to a maximum of 200 x 200mm base and 40mm depth. It will handle board weights up to about 400 micron, which may be double or single polythene faced or have a heat sealable lacquer on the inner or outer face.

The machine incorporates time and temperature controls which are adjustable to suit the sealing requirement, and a lamp signals completion of the sealing cycle.

Depending on the materials and the dexterity of the operator, throughputs up to 15 trays a minute can be achieved.

The machine was developed in response to a specific customer requirement, but the company believes it could provide an inexpensive solution to a wide range of specialised needs.

Big savings for carton packers

"MOST ADVANCED lined carton machinery in the world" is how Pembroke Packaging, Paycocke Road, Basildon, Essex SI4 3HP (0268 20272) describes its latest packing line.

Known as the Pembroke OMF, it was developed in collaboration with Autopack of Malvern and incorporates that company's electronically controlled bulk fill and top-up equipment.

To secure the full performance potential of the Hermic XA and the accurate filling system, Pembroke developed an off machine filling arrangement. During the whole erecting and filling sequence the carton is kept under complete control.

Packs which do not meet preselected weight requirements are automatically ejected, but both carton and product are fully recoverable.

The company claims an increased throughput of up to 40 per cent. has been achieved, but says it is in the area of product give-away that the new line excites the interest of major packers of powdered beverages.

From a former 3-4 per cent. product give-away on previous known methods, the Pembroke OMF is said to have succeeded in reducing it to a mere ½ per cent.

● SERVICES

Scicon's belt and braces

SCICON Computer Services, wholly-owned subsidiary of British Petroleum, is to make available the fail-safe facilities, currently enjoyed by BP, to all major industrial companies operating one of the Univac 1100 series of computers.

The back-up facilities provided for BP permit the maintenance of BP's files on the Scicon computing complex at Milton Keynes where they are updated overnight. This enables BP to access these programs and data files, in an emergency, at any time.

Scicon emphasises that this support service is only made possible through the investment represented by their purpose-built computer centre.

Particularly significant support features are the fully protected electricity supply based on the automatically started diesel generator in the event of power failure, and the triplicated air conditioning systems, protecting the operation of each piece of equipment.

The back-up service to be made available will vary according to client requirements, and will range from 24 hour multi-programming availability to the use of a dedicated machine of a specifically agreed configuration.

Scicon Computer Services, Brick Close, Kiln Farm, Milton Keynes MKII 3EJ. 0908 71121.

● MACHINE TOOLS

Debut of German lathe

MAKING ITS world debut on the H. Wohlenberg K.G. stand at the first Euro-World Machine Tool Exhibition, which opens in Paris on June 17 is the H1250SE VDF system lathe.

It can swing diameters of 1250mm over the bedways and diameters of 860mm over the carriage. Fitted with a pair of steadies, it will handle workpieces weighing up to 10 tons. Maximum rating of the main driving motor is 56kW.

The lathe is of modular construction and can be fitted with either electronic or numerical continuous path control systems. It is capable of a variety of machining operations, including facing operations at a constant cutting speed; taper turning; screw cutting; 360 deg. copying and crankshaft machining. All operations can be selected from a central control pendant unit.

Both saddle and slides are lined with bonded plastic and the saddle traverses at 5 metres/minute. Feed and traverse are regulated by thyristor controlled dc motors.

The model on display will be equipped with an electronic control system, enabling all functions of the saddle and the headstock to be controlled by push buttons and switches on the pendant unit. The headstock is driven by a dc motor and there is a choice of infinitely variable spindle speeds from 3 to 700 rpm.

Travel/rev feed rates for screwcutting work can be preselected. Pitch values are set by means of decade switches. There is provision for taper turning and the Elecop II 360 deg. copying equipment ensures both copying accuracy and good surface finish of components, says the company. The lathe is available in the U.K. from Sykes Machine Tool Co., Chertsey Lane, Staines, Middlesex (Staines 55474)—one of the 600 Group.

● MATERIALS

Plastics foam made in rolls

BAYER OF West Germany has licensed two U.K. companies to produce continuous crosslinked cellular polyethylene foam using the patented Japanese Furakawa process.

The companies are Lintafoam Plastics and Bowaters United Kingdom Paper Co., and they are marketing the product as Lintacell and Crossbow respectively.

Lintacell is being made at Oakfield Mill, Droylsden, Manchester, M35 7DL (061-370 5111), and is available in rolls up to 2m. wide and up to 150m. long, varying in thickness from 5-15mm. and in density from 30kg./cu. metre to 175kg./cu.metre, and in six standard colours—natural, grey, yellow, pink, green and blue. Lintafoam Plastics is a member of the Guthrie Corp.

Crossbow will be made by Bowcel Products at Kirkby in Ashfield, Nottingham (0623 752517). It will be available in rolls up to 2.2m. wide and up to 150m. long, in thicknesses from 5-20mm. and densities from 30 to 175 kg./cu. metre. A range of colours will be available and full production is expected at the end of this month.

Previously made in batches, the Furakawa process enables the foam to be produced continuously—making it less expensive and more versatile than the earlier product.

Panels save space in offices

RONEOSPACE, a system of screen-based desking, filing and storage, is being introduced by Roneo Vickers.

It provides average savings in floor area of 20 per cent. and correspondingly higher capacity for accommodating staff. It comprises vertical panels, two or more of which are coupled to stainless steel posts to form a working area.

Furnishings transform a panelling combination into a working area, and all furnishings slot into the uprights. These include flat writing or typing surfaces, reference shelves, filing units, bookshelves and pinboard panels.

All telephone and electrical wiring is housed in the panels and individual work stations can be equipped with lighting, communications, and electrically-operated business machines according to need. A panel can accommodate a 100-core cable for a group telephone system.

A work station can be assembled in under an hour, costs averaging from £350 per station according to the equipment needed. First U.K. customer for Roneospace is the Bank of Scotland. Panels and work stations are being installed on three floors of the Bank's headquarters in Edinburgh, a £150,000 contract due for completion this month.

Furniture and Systems Division, Roneo Vickers, Lansdowne Road, Croydon CR9 2HA (01-686 4333).

● ELECTRONICS

Improved circuit process

A BRIEF announcement from Sony Corporation reveals the development of "SIPOS" (semi-insulating polycrystalline silicon), a surface passivation technology that uses oxygen-doped polycrystalline silicon films. As a result says the company, planar devices of many kinds can be steadily operated under severe conditions.

One result is the ability to produce transistors able to work at very high voltages: 10,000 volt devices can be satisfactorily made, an achievement which, says Sony, has been considered difficult in the past.

The technology is said to provide much higher reliability than previous methods, and at the same time production costs are reduced. The method can be applied to the mass production of nearly all types of silicon devices and integrated circuits. Packaging of elements can also be greatly simplified.

Sony is at 7-35 Kitashinagawa 6-chome, Shinagawa-Ku, Tokyo 141.

Bags made with less noise

SAID BY the maker to be fastest, quietest bagmaker available, the Befanco 66 takes a maximum web of 45 inches to produce bags between 4½ x 5½ to 24 x 24 inches with an output of up to 2400 bags a minute.

A deep lip unit produces lip depth to 2 inches giving increased versatility to the product range. Sound suppression shielding is stated to have reduced noise levels from the usual over 100 dB to about 90 dB.

Made by Beasley, French and Co., Bedminster, Bristol BS3 5RL (0272 664283), the machine has modifications to the reel feed and formers which are stated to reduce downtime during changeover by as much as 25 per cent. Difficult materials and paper weights down to 25 gsm can be converted, and there are safety features to minimise loss due to web breaks.

Bags are delivered single or twin stream, stacked vertically, and counted in 50s and 100s (these numbers can be varied by a change gear).

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

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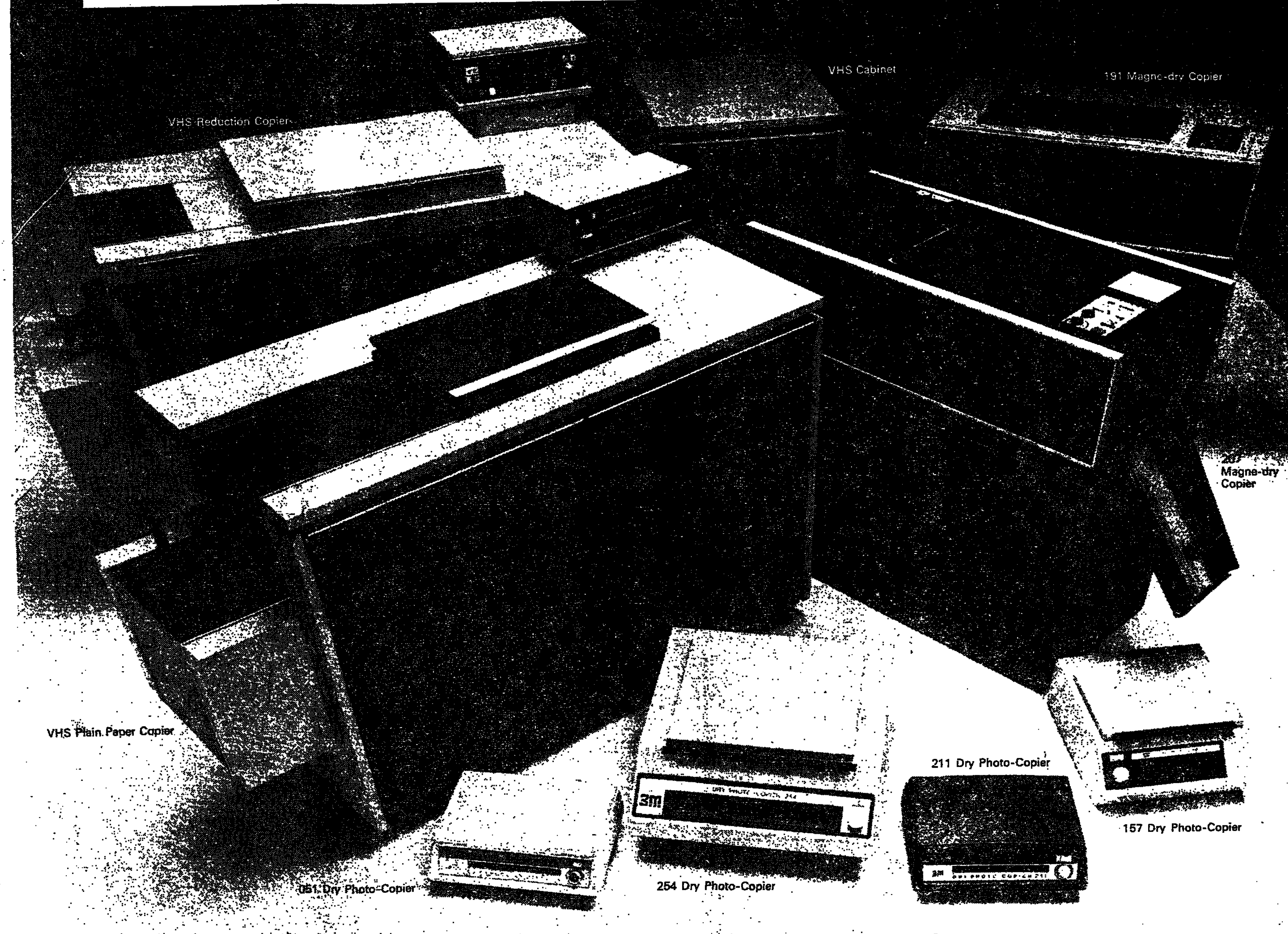
3M COMMUNICATORS

Challenging your efficiency in business communications

3M have a wider experience in business communications than any other company in the world because they cover more aspects of communication in more areas of business than anyone else. The result is a world of experience brought to bear upon a single problem. It could be *your* problem.

This 3M advertisement is about copiers—from the small desk-top copiers which are becoming standard office equipment, to the advanced high-speed copiers which handle tens of thousands of copies a month. In this country more 3M copiers are in use than any other make, and a 3M copier system could be the way your company ensures that its best ideas are shared by everyone.



More 3M copiers are used in this country than any other make of copying machine

3M brings fast, efficient dry copying to your desktop

3M's four desktop copiers are used by a wide variety of people—from students to senior executives. As light and compact as a typewriter, they use a 'dual-spectrum' process originated by 3M to bring modern trouble-free copying to people with low volume copying requirements.

Completely dry, with no messy liquids or chemicals, they give crisp, clean copies of anything from pencil scribbles to photographs; and they plug in to any ordinary power supply.

3M's versatile Magne-dry copiers save you time, money and space

3M's 191 and 207 copiers use an exclusive 3M process which produces copies barely distinguishable from the original. Clean, simple and completely dry, both machines are designed to save operating time and cut out waste.

Paper is fed from a roll which is automatically guillotined to one of six useful lengths. The 191 produces its first copy in twelve seconds, then a copy every six seconds; the even faster 207 produces its first copy in six seconds, then a copy every three seconds. Unequalled for simplicity, copy quality and versatility, the Magne-dry machines are ideal for copy requirements up to 15,000 a month.

3M's VHS and VHS-R plain paper copiers: reliable over long runs—out-sprinting all competition over short runs

3M VHS and VHS-R copiers are the latest development in copier technology. They produce high quality copies on plain paper using 3M's Magne-Dynamic system.

This involves the image of the original being transferred by a microflash onto a memory tape. In practice, it means that, once the microflash has captured the image, the original can be removed and a new original put in place *while the machine is still reproducing the first one*. With this process, the VHS produces its first three copies in under ten seconds.

The VHS-R has the additional feature of being able to take any original up to 14" x 18" and in seconds produce copies reduced to a convenient file size.

London (Penge) 01-659 2323 · Birmingham 021-236 5077 · Manchester 061-236 8500 ext 265
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FINANCIAL TIMES REPORT

Tuesday June 10 1975

NORTHAMPTONSHIRE

Situated on many of the country's main transport routes, Northamptonshire is now experiencing new development on an unprecedented scale. This rapid growth is placing considerable strains on the local authorities.

County takes the strain

NORTHAMPTONSHIRE is suffering from success. The "county of squires and spires," which has retained its parochial character throughout the changes of the last 100 years, is now experiencing development on an unprecedented scale.

Population increase, according to the County Council, has mounted pace in recent years to become the fastest growing in the U.K. and the trend is still accelerating. The result is that the county expects to accommodate 750,000 people by 1991—a 60 per cent. increase over to-day's figure. The impact of growth at this rate is brought home by the County Council which points out that Northamptonshire will take some 8 per cent. of the total estimated population growth for England and Wales up to 1991.

Situated only 60 miles north of London astride the main transport routes, the predominantly rural county with only a handful of medium-sized towns, would have enjoyed prosperity and expansion even without the hot-house development which has been pressed on it. Both Northampton and Corby have been designated new towns while Wellingborough and Daventry are expanding, the former taking overspill from London and the latter from Birmingham.

Well-intentioned as the projects may have been, the strains are beginning to show—particularly on finance. It is not without significance that ratepayers' action groups have sprung up throughout the county and that Northamptonshire activists were in the vanguard of the protest movement which swept through the country last year.

Mr. Gordon Roberts, leader of the slender Labour majority on the County Council, describes the financial situation as "serious" and says that he is "very worried." From many politicians such words could be taken with a pinch of salt but Mr. Roberts is one of those moderate and serious-minded people who have committed themselves to local government.

Rates

"It has been hard so far but I dread to think what will happen to rates next year and the year after. We may be forced into saying to people that we can no longer afford to offer their children the education which they have come to expect."

With the look of a man well aware that unpalatable decisions have to be taken, he adds: "We cannot kick out old people from council homes or throw the mentally handicapped onto the streets."

The main complaint of the County Council is that in addition to its normal ongoing responsibilities in a period of rapid inflation it is also required to meet the infrastructure costs of the expanding towns, or what it terms "the four single-minded development agencies."

The competing claims on the authority's limited financial resources creates capital programme burdens "out of all proportion for a county of half a million population," it is claimed.

The example is cited of the 1974-75 major school building programme, which, at £4.6m., is said to be the fifth highest of all local authorities irrespective of size.

Mr. Roberts points out that in the last two years capital programmes have been drastically pruned because of their implications for the revenue account. He draws attention to the 450 temporary classrooms which have to be used to cope with the number of children starting school. The county's figure is three times the national average.

"We have listened to the ratepayers groups and to individuals for ideas for cutting back on spending but it usually comes down to trivial issues like cancelling evening classes for Scottish country dancing," he says.

The council has put up its plate for special treatment by the Government and, without it, the consequences for the expansion programme could be serious. The county says that though its transport supplementary grant was one of the highest in the country the amount was still only sufficient to continue existing contracts and to start one major new road scheme in Northampton.

No major new highway has yet been built in Wellingborough, which is scheduled to double its population by the 1990s, and the district council is understood to have made representations to Mr. John Silkin, the Minister for Planning and Local Government.

Potentially more serious than that, the county council has warned that development of the southern district of Northampton—the second phase of a programme to boost the town's population by 100,000 by the mid 1980s—must be in question because the resources to finance the building of the principal roads cannot be programmed.

Crippling

Mr. Roberts maintains that the only solution short of crippling the expansion programmes is for the Government to find some special formula for grant. The county has joined with Buckinghamshire, Cambridgeshire, Cheshire, Lancashire and Shropshire to collect statistics which illustrate the impact on local authority finances of pursuing policies of developing new and expanding towns. But the major document in Northamptonshire's campaign is its reply to the Government's consultative paper on the new towns. The opportunity was taken to recommend a major shake-up in the areas and composition of the development agencies in the county.

Calling for renegotiation of the current new town agreements, the document suggests that there should be two development corporations—one embracing Northampton and Daventry to the west of the county and another responsible for Corby, Wellingborough and the A6 towns, like Rushden, to the east.

Yet more radical, the council proposes that in the pursuit of local democratic control—rather than all appointments coming from the Minister — local authorities should have the right of direct nomination and a majority on the Boards of the development corporations.

The proposals, framed as an opening gambit for negotiations with the Department of Environment, reflect the issues to which the County Council seeks answers.

The need for specialised development agencies charged with the specific role of pressing expansion is recognised, but probably more important are the new sources of funds such bodies can open up. Conscious of the shortcomings of the present system of local authority finance, the county undoubtedly sees the development corporations as one possible help for its problems.

The appeal for democratic control reflects the desire of the Council to try to reconcile the conflicting interests not only of the four expanding towns but of the county as a whole. Concern has been expressed that the development agencies are pursuing policies to achieve housing and employment targets in line with nationally determined objectives regardless of the impact upon surrounding areas.

Such individual targets could run counter to the county's strategic plan now under preparation. For example, the point is made that both Daventry and Corby benefit from heavy investment in their infrastructure but are lagging on poulation and employment, while Northampton has the jobs but requires heavy capital investment on roads and other facilities.

The argument is also put forward that the growth which the expanding towns are enjoying may be at the expense of revitalisation of other parts of the county, such as towns like Desborough and Rothwell along the route of the A6. Not only on employment but on the whole range of new facilities whether roads, schools or community provision the new towns are demanding an undue share of limited county resources.

In such terms are the strains resulting from the rapid growth of the county expressed. There are problems but they are problems of success — problems which come from the attractions the area offers for development.

The influx of new companies —Northampton can boast the £17.5m. Carlsberg Brewery and Henry Telfer; Corby, Avon Cosmetics and the York Trailer Group; Daventry, Ford's distribution centre and Green Shield Stamps warehouse means the establishment of dynamic growth industries which provide a diversified employment base.

In the first five years of Northampton's expansion, 7,500 new homes have been built and another 2,500 are under construction. Major new shopping schemes include the Weston Favell district centre with 210,000 square feet of retail space plus leisure and community facilities, while the £8m. Grosvenor Estate's development in the town centre will open shortly.

Large-scale central area development schemes have also either taken place or are under way at Kettering, Wellingborough, Daventry and Corby.

Expansion may be posing questions and placing strains upon the administration of local government but these are the sort of problems for which many areas of the country would be grateful.

Arthur Smith

Industrial expansion

THE BOOM which Northamptonshire has enjoyed in recent years has left it with enough fat to digest: the county town, for example, has created 9,000 new jobs of which more than half are still in the pipeline. But there is no doubt that the mood has changed and questions are being raised about how long the good times can last. Indeed, the general feeling of uncertainty among the business community, in this prosperous area with a good proportion of young growth industries, is an indication of how serious is the current national crisis of investment confidence.

Northamptonshire has pursued a policy of employment led growth and to that extent is obviously dependent upon the vagaries of the national economy. Mr. Leslie Austin-Crowe, Northampton Development Corporation chief estates officer, reports a continuing steady trickle of inquiries about industrial sites but says companies are tending to shelve investment decisions.

"There is no undue concern about the present situation but there must be a question as to how long it will be before the country recovers from the current recession," he says.

Northampton Chamber of Commerce confirms that businessmen have adopted a "wait and see attitude." Assistant secretary, Mr. Geoffrey Field, says: "The main fear among industrialists only 12 months ago was of serious labour shortages but these have not materialised and in general employers are now not taking on labour."

Traditionally an area of over-full employment, the number of jobless has edged upwards over the past 12 months to an overall 2.6 per cent. in the

CONTINUED ON NEXT PAGE

Commercial development

SUCH IS the growth being experienced in this county that none of the major towns is without some form of important commercial development project. Town centre developments with the provision of new shopping facilities mainly in mind, are blossoming throughout the area, some of them only a few miles apart, and although some people have suggested the county may soon be over-shopped, little trouble is experienced when it comes to letting the new shops and a look at the customers swarming the streets of each centre does not testify to any retailing doubts.

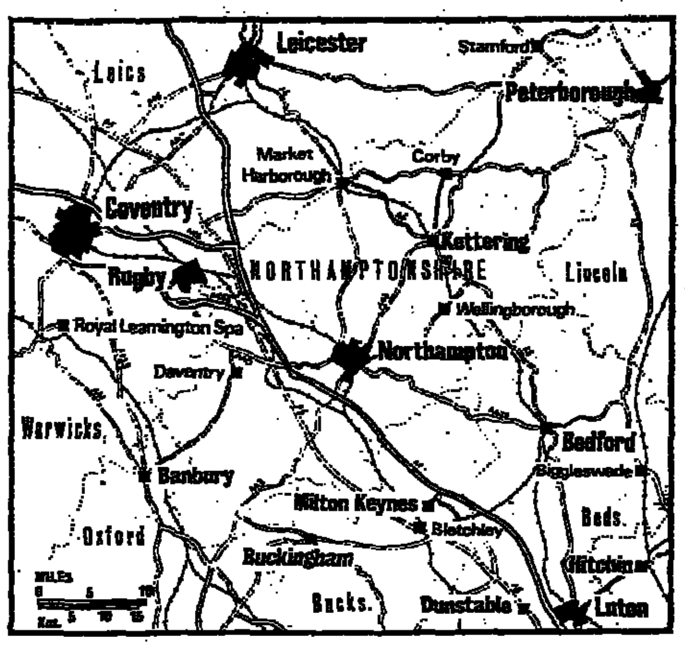
Again as with everything else here, the main centre of the effort is Northampton itself which has a 300,000 square feet shopping complex opening in the summer to add to the district centre in the eastern part of the new town area which added over 200,000 square feet of shopping space last October.

The eastern district shopping centre is part of a major new town development known as the Weston Favell Centre, and apart from the shopping, it includes all the constituents of a town centre in its own right—cultural and sporting centre, health centre, church, school, library and car parking, as well as a public house and other facilities.

The shopping facilities themselves include two large supermarkets, one being taken by Tesco and the other by Supercentre, and the usual great variety of shops that one would expect to find serving the community round about—the centre is strategically *placed in the* heart of the main new town expansion zone.

The other expansion zone in the south will have a district shopping centre based at Penfold, but this will be on a much smaller scale. In addition to these two centres, and the main town centre itself, the new town areas are served by smaller local *centres of three or four shops.*

Inevitably the argument about in-town and out-of-town shopping has been raised in Northampton and the Development Coropration has always taken



great pains to ensure that the *original town centre remains the* real focal point. Nevertheless, Weston Favell is a major complex, and the fact that its facilities were advertised on TV at the time of opening makes one believe that it could, and would like to, exert something of a pull on shoppers not only from surrounding villages but in places like Wellingborough and *Kettering to the east as well.*

However, the importance of the traditional centre of Northampton is certainly not taking a back seat. The Grosvenor Centre opens this summer to reinforce the town's regional shopping centre claims. This is a 300,000 *square feet shopping* complex that houses 58 retailing units—all let. There has been some delay in opening because of a fire, but the Sainsbury supermarket is expected to open quite soon.

The Grosvenor Centre is a *prestigious retail development* of the kind to be expected in a town that hopes to exert a regional *shopping pull that will* outdo Leicester. There is no doubt that the Grosvenor Centre, when added to Northampton's *existing high-standard* retail facilities, will emphasise the town's claim to regional importance *in a region* that stretches quite far, and the claims about outdoing Leicester in this part of the country cannot be dismissed.

Northamptonshire's second New Town, Corby, also boasts town centre redevelopment with *the emphasis on shopping. From* an original town centre of just 110 shops in 226,000 retailing square feet, the Phase One development that was opened in 1973 added 42 shops and 97,000 retailing square feet. Plans for two further stages do exist, but the planners are "playing it by ear" and saying that present town centre shopping facilities are adequate for the next five or six years. Phase Two would be added to the south of the town centre, and Phase Three to the north.

In the new areas of Corby, a policy of district centres and "corner shop" supermarkets *adds a further 100 shops and* another 82,000 square feet.

Apart from these new towns, the county's expanding towns are pushing ahead with retail development too. It has been estimated that Wellingborough *will require about 1m. sq. ft. of* floor space for shops, offices and other town centre uses by 1991, and pedestrian shopping malls linked to existing shops form the basis of the central plan. Phase One of this new complex is under construction and should be opening in 1976-77.

In Daventry Phase One of the town centre development scheme opened in the middle of last year consisting of a *Waitrose supermarket and* 28 shops. Phase Two is now in the planning stage and should be started within two years, while a Phase Three is also planned.

On a smaller scale than these developments, in Kettering a Phase One scheme of 14 *standard shop units was opened in* October, 1969, and Phase Two is already under way. This includes a supermarket for Sainsbury's, two large shops, and four standard shops, to be opened progressively from January, 1977. Phase Three is *planned*, but *no start date is* known yet. Kettering likes to boast that it is expanding "the natural way." In Rushden a large supermarket has just opened and demolition work has started on another retailing site, so it will be seen that there *is no town in the country not* active in retail development in some way.

Northampton, already among the top 20 regional office centres, is the natural focus for much activity, and it is hoped to provide another 1m. square feet of *offices in the town centre by* 1981 to take the total to around 3.5m. square feet.

At Kettering—unlike Northampton which is actively trying to attract firms relocating from London and the South East—the bulk of the office content is for locally *generated demand.* Wellingborough, with some 245,000 square feet of existing accommodation, is pursuing a modest programme of office development, but only a few small projects are likely to be *forthcoming in the other* principal growth towns of Corby and Daventry.

Northampton benefited from the activity generated by the property boom and a number of important projects are still in the pipeline, with 370,000 square feet currently under construction. Around 100,000 *square feet of accommodation* in the new Grosvenor Centre should start to become available shortly, and by next spring work should be nearing completion on 200,000 square feet of offices above the new central area bus station.

Apart from development in the town centre, offices are planned for the district centres and land is available on "campus sites." Work started recently on the first major campus development which is a new headquarters for the Anglia Building Society. The three-storey building will provide 108,000 square feet of accommodation on a 10-acre site.

Northamptonshire estate agents, Wilson and Partners, say that inquiries are still being received from companies wanting to decentralise from London, but firm offers are not usually being made on available space.

"An interesting pattern in variation of rents is emerging in Northampton depending upon the facilities offered and now more care than ever before has to be exercised in assessing value. Rents vary between £1.75 to £4 a square foot for new accommodation available on the market now," according to *Wilson. Including older* property, around 50,000 square feet is currently empty and unlet.

By a Correspondent

Industry

CONTINUED FROM PREVIOUS PAGE

county, ranging from 2.4 per cent. in Northampton to 3.7 per cent. in Corby. Redundancies have tended to come in small *batches as a result of general* pruning of labour forces, while the arrival of new firms to the county has helped to cushion the impact.

Fortunately for the county, the growth which it has enjoyed over the past decade has produced *a more diverse employment* structure. Though world famous for its boot and shoe industry, this has long since given way to light engineering as the principal employer.

Northampton, where at the beginning of the century there were *some 150 footwear firms* providing work for half the town, is now down to 19 factories employing fewer than 5,000. Hit by cheap imports and sluggish sales over the past 12 months, the footwear industry has suffered prolonged *short time working and at one* point a quarter of the Northampton factories were working less than a full week. However, Mr. G. D. Franklin, secretary of the *Northampton Town Footwear* Manufacturers Association, says that the worst is now over and that production hours are largely back to normal.

Northampton tends to specialise in men's quality footwear with some production of traditional, rather than high fashion, women's shoes, and Mr. Franklin maintains that the industry in the town is unlikely to shrink further. "Most firms cater for *a specialised market and are* firmly entrenched," he says, pointing to companies like Church which apart from its home sales of high grade shoes has good export markets in North America and the European Economic Community.

Few villages in the east of the country are without some form of footwear manufacture be it only components, but the principal centres are Wellingborough, Rushden, Kettering and Corby.

Escaped

While Northampton has escaped the worst of the downturn in the industry, the county, which tends to manufacture lower and medium priced footwear, *has suffered* several hundred redundancies over the last eight or nine months. The County Association reports that certain factories are still on short time working and that with short order books the future looks "fairly bleak."

The dependence of some of the smaller towns along the route of the A6 upon the footwear *industry has prompted* concern by the County Council to try to diversify employment, but Corby is the town in the east of the county which has attracted most attention because of its employment imbalance.

The dependence of Corby upon what was then Stewarts and Lloyds steelworks—now the headquarters of the Tubes Division of the British Steel Corporation—was the reason for its *designation as a new town in* 1950. Since then well over 50 new firms have been established in the town but there is still need to attract more service *industry and office employment* if diversified job opportunities are to be provided.

By contrast, at the other end of the county, Daventry, which *at 3.6 per cent.* has a similar level of unemployment, needs to attract manufacturing industry to balance the success it has achieved in recruiting service trades. Among the companies which have realised the signifi*cance of the town as a distribu*tion centre are Ford and Green Shield Stamps. Kettering, the second town of the county, though not an official expanding area, has enjoyed vigorous and healthy industrial growth.

Wellingborough, which has *an overspill agreement with the* Greater London Council, is regarded as one of the most successful of London's expanding towns. Over the past decade some 2m. square feet of industrial and warehouse space has been constructed and around 60 new companies established in the town. Further large-scale growth is projected and the local authority intends to make sites available within two years *on the 400 acre Park Farm In*dustrial Estate.

Inevitably the most impressive industrial growth story must be that of Northampton — programmed in 1970 to boost its population by 100,000 to 230,000 by the mid 1980s. Already some 2.5m. *square feet of new* factories and warehouses have been built and a further 1.5m. square feet are under construction. Six advanced factory units, varying in size from 2,000 square feet to 11,000 square feet; are due to be completed *over the next few weeks.*

Among the prestige names attracted so far is Carlsberg which has built a new £17.5m. brewery producing 22,000 gallons of lager a year and serving the whole of Britain. Henry Telfer, the meat products subsidiary of J. Lyons and Co. occupies a 20-acre site with a factory and administrative block *where 1,000 workers are employed.* Levi Strauss, the U.S. concern, has established what it claims to be the largest computer controlled clothing warehouse in Europe.

Northampton, because it is close to the motorway system and *ideally suited* as a distribution centre, has extended its appeal to Europe. Hammer Steel, a subsidiary of Societe Lorraine des Produits Metal*lurgiques, of Paris,* is the latest overseas firm to move in and has set up a steel stockholding operation.

Three Dutch firms have also *established British headquarters* in Northampton: Gelders U.K. Transport, Naarden (London), and Grijpma Internationale Piano Transporten. A German company, Hartmann and Braun, which manufactures precision electronic equipment, has moved to the town.

The success of Northampton's employment drive cannot be questioned, but where the *County Council is beginning to* express concern is in the competition for industry between towns, and particularly the designated expanding areas. With responsibility for the county as a whole, the Council must strive to achieve an employment balance and an equitable distribution of job opportunities.

The problem is exacerbated by the fact that just to the south of Northamptonshire is Milton Keynes new town and to the east is Peterborough new town. At a time when the national economy has turned down and there is very little mobile employment, there is a very strong case for the Government to heed the warning of the County Council and to co-operate in trying to establish which towns and communities ought to get priority.

Arthur Smith

PARLIAMENT

'For the first time . . . . the full-hearted consent of the whole British people'

Manifesto twin tests met, says Wilson

THE PRIME MINISTER, Mr. Harold Wilson, urged in the Commons yesterday that MPs and the country should follow the Government's lead "in placing past divisions behind us."

Making a statement on the referendum result, he said it followed from the decision that the country should be fully represented in all the Community's institutions.

A recommendation would now *be made to the Parliamentary* Labour Party that Labour MPs should attend the European Assembly.

Opposition Leader, Mrs. Margaret Thatcher said she rejoiced with the Prime Minister over *this "excellent result. All of us* on this side would wish to hand the campaign honours to Mr. Heath and the Parliamentary honours to Mr. Peter Kirk (C., Saffron Walden), who has represented Britain in the European Assembly."

Mr. Wilson won Labour cheers when he said that for the first time, throughout many years of controversy, there was now the full-hearted consent of the whole British people. He endorsed Mrs. Thatcher's comments about Mr. Heath.

Changes

When the Liberal leader, Mr. *Jeremy Thorpe, said that those* who had been against Europe had been as much help as those who were for it. Mr. Wilson said: "There were some on whom my old views of counter productivity applied on both sides of the campaign."

Tories urged Mr. Wilson to name them but he replied: "Not at the moment."

Sir John Eden (C, Bournemouth W) asked whether Mr. Wilson would make changes in the policies and composition of the Government as a result of the decision.

Mr. Wilson said the decision had been limited to a very clear *view that Britain should remain* in the Community. "It was not a vote for anything else at all."

In his statement, Mr. Wilson said: "What has impressed all of us, and no less our friends in Europe, the Commonwealth and *more widely, has been not only* the high turnout and the clear and unmistakable nature of the decision, but also the consistent pattern of positive voting over almost every county and region of the U.K.

"The issue of membership has cut across party lines, and the Government recognise the deep sincerity with which the views have been held on both sides. The debate is now over.

"*The two tests set out in our* manifesto of successful renegotiation and the expressed approval of the majority of the British people have been met.

"The historic decision has been made. I hope that this House and the country as a *whole will* follow the lead which the Government intend to give in placing past divisions behind us, and in working together to play a full and constructive part in all community policies and activities."

Britain now looked forward to continuing to work with the Community in promoting its wider interests "and in fostering a greater sense of purpose among the member States. It follows *from the decision that this* country should be fully represented in all the Community's institutions.

"I have said that if renegotiation succeeded and if our recommendation was endorsed by the country, we should feel it right that this House should be fully represented in the European Assembly. A recommendation to this end will now be made to the Parliamentary Labour Party."

Mr. Wilson added that now the TUC was prepared to enter into the work of the Economic and Social Committee of the EEC, this would strengthen the trade union movement throughout the Community and in Britain.

The decision to remain within the EEC would "give confidence to those overseas who have been considering plans for investment in Britain. There are signs that this is already happening.

"The improvement of our own economic situation and our contribution to a more equitable world economic order can best be made from a settled position within the Community.

"We now have that settled *position and we are determined* to make a success of it. But our future will continue to depend on what we are prepared to do by our own efforts, our skill, our technology—and our restraint, a restraint which demonstrates our concern *for the interests of those* members of our national community least able to help themselves."

Mrs. Thatcher said: "We join with the Prime Minister in rejoicing over this excellent result which confirms the earlier Parliamentary decision.

Delegation

Mr. Wilson was loudly cheered as he replied: "Yes, that is so, but for the first time through these many years of controversy, we have now had the full-hearted consent of the whole British people."

He told Dr. Dickson Mabon (Lab, Greenock and Port Glasgow) that joining the Socialist group at the European Parliament was a matter for any delegation and for the Parliamentary Labour Party.

But he added: "I very much hope they will do so. I know the other Socialists in the Assembly and the Socialist-led Governments in the Community very much hope they will do so."

Mr. Enoch Powell (UUU, Down S) asked: "Since it is agreed on all hands that in the Government's words, 'continued membership must depend on the continuing assent of Parliament,' is it not clear that this result can be no more final than that of any single general election?"

Mr. Wilson: "Of course. It is a fact that it has been laid down by constitutional authorities at all levels, including a former Lord Chancellor, Lord Hailsham, that no Parliament can bind its successor."

The decision was not, however, based on the shifting of Parliamentary votes or on any vote in the Commons before or after a general election.

"This was the first—and I hope it won't be necessary to have another—total decision of the British people where every voted counted as one. There was a *most massive endorsement* of the proposition put forward by the Government."

Exorcism attacked in Lords

IT WOULD BE neither appropriate nor helpful for the Government to intervene in the debate on the subject of exorcism in the Church of England, Lord Wells-Pestell, a Government spokesman, said in the Lords yesterday.

Baroness Summerskill (Lab.) asked if the church was conscious of the dangers of this "mediaeval practice" and whether it was compatible with modern medical thought that the church should be encouraged to deal in it.

Lord Wells-Pestell said that publicity given to what had happened recently had caused considerable concern. An open letter from leading academics to the Archbishops of Canterbury and York and members of the General Synod had suggested that exorcism gained no official encouragement within the church and had no official status.

"While it is only assumption on my part, I believe that the subject will be considered by the *General Synod next month.*"

Lord Popplewell (Lab.) said there was a feeling of sadness that the church had not seemed to be so forthright in condemning this practice which was near to witchcraft

Lady Summerskill said she could not understand how it could be argued that this was a matter for the church when the victims were lay people and innocent people.

Listeners feel a little out of it

By B. A. Young

YESTERDAY'S broadcast of Question Time from the House of Commons, which was taken by both the BBC and the independent companies, was *lucky to catch* Mr. Anthony Wedgwood Benn at the Despatch Box, for he is always newsworthy if not actually humorous.

Mr. Geoffrey Pattie was able to conclude a supplementary *to the first question of the day* with the words "Should he not resign?" so pre-empting the hints obviously lurking behind several later questions.

It raised the familiar Parliamentary turbulence but little in the way of drama. The broadcast earned its place as an information service: anyone expecting entertainment must look elsewhere.

Without some element of drama, Parliamentary relays will be unlikely to attract many listeners once the novelty has worn off. The Members themselves work like beavers to raise enough laughter to hold one another's attention. They have a sense of humour of their own, based on familiarity with procedure and the characteristics of individuals; they laugh easily, they are aroused to indignant shouts by matters that would hardly turn *a head outside.*

On television, they would dispense drama enough, though their remarks might be addressed to the cameras as often as to the Chair.

On radio there is not much to raise the spirits. What can the most experienced producer do with dialogue like this:

"Mr. Dennis Skinner."

"Number Three."

"No, Sir, I do not intend to *dismiss Sir Monty Finniston.*"

The original question is only there to give access to the barbed supplementaries, but without an Order Paper to know what the question is, *things are apt to start* on a note of uncertainty. True, a moment later Mr. Skinner was able to say "My Right Honourable and much maligned Friend," which earned him a routine "Hear, hear" from his neighbours: but anxious constituents with their ears glued to their sets could hardly have been provoked to any excesses of pleasure or pain.

The present system of broadcasting the House is clearly no more than makeshift. Commentators have to talk hastily over the proceedings to keep us aware of what is going on.

Perhaps when listeners are more familiar with the way things go, there will be less need for explanation, but an Order Paper is as essential as a race-card at Ascot. I would add a diagram of the layout of the House and a second commentator murmuring "Square Four," "Square Two" at intervals.

Benn calls up Europe and tells MPs he'll do his best for Britain

BY JOHN HUNT

MR. ANTHONY WEDGWOOD BENN, *Industry Secretary,* who played a leading part in the campaign against the Common Market during the referendum, made it plain in the Commons yesterday that he now intends to work wholeheartedly for British interests within *the Community.*

He referred to the "degradation and humiliation" suffered by himself and other anti-Marketeers in the Government during the campaign.

But this, he emphasised, had come to an end with the people's vote.

Mr. Benn said he had contacted Mr. Altiero Spinelli, the EEC Commissioner for Industry, to suggest that they should have talks at the earliest opportunity. As a result, Mr. Spinelli had informed him that he would meet him in London this Thursday.

The Industry Secretary had also contacted the CBI and Mr. Jack Jones, chairman of the *TUC's international committee,* suggesting talks on Britain's role in the EEC in the post-referendum situation.

In addition, Mr. Benn, has sent cables to his opposite numbers *in all of the EEC countries* telling them that he would like to meet them as soon as possible.

In these contacts Mr. Benn wants to discuss industrial policy generally and wishes to take up the specific matters of steel and *regional development.*

Mr. Benn told the House yesterday: "I don't believe this is the right place to refight the referendum campaign. I don't apologise for putting forward views honestly held in a referendum which *I played some part in* bringing about.

"The British people have invited the Government to work constructively within the Community to safeguard their interests, to safeguard their jobs and to see that the policies of the present Government are implemented. I shall do my best to do these things."

During questions there were ample warnings from Labour *Left-wingers of the storm* that would follow if Mr. Benn were to be moved from his post

Mr. Frank Allaun (Lab. Salford E.) pointed out that most of Mr. Benn's duties involved discussions with trade unionists and not Ministers of the EEC.

"As you have established excellent relations with trade unionists many of us would strongly resent your removal from your post as Secretary of State," *he declared.*

He warned the Government against appeasing "City gentlemen who are clamouring for Mr. Benn's head on a plate."

To laughter, Mr. Benn replied: "If the Opposition wants my head *on a charger then the Leader of* the Opposition will have to be a lot more seductive as Salome than she has been so far."

Mr. Benn was also dogged by Conservative MPs who would not let him forget his claim during the referendum campaign that half a million people had lost their jobs in the U.K. as a result of Market membership.

Mr. Hugh Dykes (Con., Harrow E.) called on Mr. Benn to explain to other EEC Industry Ministers why the British people had overwhelmingly rejected his "ludicrous assertion" about the lost jobs.

Basking in the glow of success

BY PHILIP RAWSTORNE

EVEN THE Tories could not withhold a reluctant cheer for Mr. Harold Wilson in the Commons yesterday as he basked in the political warmth of the referendum majority.

"Wily old wizard," Mr. Andrew Faulds admirably dubbed him from the Labour backbenches, catching the atmosphere that surrounded the successful political gamble.

The Prime Minister accepted the plaudits with the modesty of confidence. "The debate is over. The historic decision has been made," he reported.

Past divisions were to be placed behind us—"They're all behind *you,*" *cried a Tory indicating* the disappointed Left-wing—and the Government would now lead the country into a full and constructive role in in the Community.

Relaxed and certain of touch, the Prime Minister presented a contrasting picture of the effects of the referendum to that of Mrs. Margaret Thatcher, now apparently haunted by the silent presence of Mr. Edward Heath below the gangway.

Her tribute to Mr. Heath's part in the campaign sounded condescending and was jeered by Labour MPs. "I was very touched she felt able to say *that,*" *Mr. Wilson added.*

Unhurt by Mrs. Thatcher's sharp stare, Mr. Wilson dealt equably with Opposition doubts about the commitment to Europe of his anti-Market Ministers.

He agreed with Mr. Jeremy Thorpe, the Liberal leader, that some contributors to the campaign had been counterproductive. "Name them, name them," shouted the Tories, indicating Mr. Anthony Wedgwood Benn to his left.

"Not at the moment," responded Mr. Wilson with a smile.

This was a day for encouraging unity—and the Prime Minister even pursued it beyond his own party by commending Mr. Neil Marten, most prominent *of* the Tory anti-Marketeers, for the dignity of his campaign.

But he gave little encouragement to Mr. Enoch Powell's intentions of carrying on the EEC fight. The referendum had been the first—and he hoped the last—total decision of the British people, Mr. Wilson said.

Clearly enjoying the discomfiture of the Scottish Nationalists, the Prime Minister turned more *soothingly to the ruffled anti-*Marketeers on the Labour backbenches.

"Can we get down now to a full-blooded Socialist programme for Europe?" Mr. Eric Heffer demanded.

"I am sure it will be very fully considered," responded Mr. Wilson.

Minister firm on aircraft and ship takeover plans

THE GOVERNMENT intends to do its utmost to see that the Shipbuilding and Aircraft Industries Bill is made law in the present session of Parliament, Industry Secretary, Mr. Anthony Wedgwood Benn, said in the Commons yesterday.

Replying to Mr. Geoffrey Pattie (C; Chertsey and Walton), Mr. Benn added that it would not be appropriate to estimate the cost at this stage, because of the large number of unquoted securities to be acquired.

Mr. Pattie said that Mr. Benn should drop the disruptive proposals for nationalisation, or better still, in view of the *decisive rejection by the British* people last week of one of his "other crackpot proposals," the Minister should resign.

Mr. Benn replied that the Government was committed to the programme on which it was elected. If Mr. Pattie thought that the referendum result represented an election victory for his own party, he must have misunderstood it.

Mr. James Johnson (Lab., Hull W.) *said that* Hawker Siddeley shop stewards in his constituency were worried about future orders. The HS-146 was a good plane and they wanted to build it.

Mr. Benn said that the Government was making arrangements to see that damage was minimised. He would be making a statement about the underwriting of one particular foreign order, to make sure it did not go by the board before the Bill was implemented.

Mr. Michael Heseltine, "shadow" Industry Secretary, said that last week's referendum result had shown that the country was *tired of the* doctrinaire and divisive policies associated with Mr. Benn. By dropping this Bill, £300m. could be saved. It was the easiest way of giving confidence to the industry and restoring the prospect of employment.

Mr. Benn replied that it was comments like these that made it extremely difficult to take Mr. Heseltine seriously as a "shadow" Minister.

Pay warning for State industry

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE NATIONALISED industries were given a blunt warning by the Government in the Commons yesterday that the nation's "limited resources cannot be used to subsidise overmanning and inefficient use of labour."

"There is no bottomless purse from which to pay high wage settlements," said Treasury Chief Secretary Mr. Joel Barnett, following up the recent condemnation by the Chancellor, Mr. Denis Healey, of pay settlements outside the social contract.

So far as the gas and electricity industries were concerned, the Government was "not prepared to finance unacceptably high wage settlements."

But what MPs wanted to know during the second reading debate on the Statutory Corporations (Financial Provisions) Bill, was whether this stern attitude on the part of Treasury Ministers also applied to the railways in the current pay dispute.

In the case of industries such as British Rail who receive subsidies for social reasons, they will continue to do so, Mr. Barnett told MPs. "But the levels of subsidy will have to be kept under the strictest control."

And it was at this point that he added his warning that the nation could not afford to subsidise overmanning and inefficient use of labour.

It was particularly true for labour intensive industries that *high* wage settlements *must* mean either big price increases or cuts in costs or both, the Minister maintained.

He hoped the reduction in costs could be made by increasing productivity. "But the improvement in productivity would have to be real. There can be no question of simply paying for a high wage settlement and living in hopes of increased productivity. We have done that for far too long."

It was as blunt a lecture on the need for pay restraint as the Government has yet offered. Mr. Barnett delivered it in the course *of outlining the provisions in the* Bill to pay an extra £500m. for the year 1974-75 to compensate the nationalised industries for holding down price increases in the face of increasing inflation.

The *Government* was sticking firmly to its objective of phasing out these particular subsidies for gas and electricity by next year, he assured the House. And so far, the Government was on target. The provisions in the Bill would add nothing to the estimates of the borrowing requirement.

But the situation of the Post Office and of the British Steel Corporation could lead to an *increase.*

The Post Office's borrowing requirement would be increased if its deficit this year were more than £70m., said Mr. Barnett. This underlined the importance of current efforts to bring that deficit under control.

The British Steel Corporation would certainly borrow more than the £420m. estimated in the Budget financial statement, and the Bill also made provision for this.

The total could be up to £550m. and more. But it was always liable to happen where an industry was not allowed to earn anything like an adequate surplus, the Minister pointed out.

On BSC's proposal to build up stocks as a counter-cyclical measure, the Minister said: "There may well be good sense in this—and we are looking at it now—but if it were to go ahead, the Government would have to *advance the money for it,* because the corporation does not have the reserves to deal with it from its own resources."

This brought Mr. Barnett to the central problem exposed by the Bill. "As a country we cannot go on finding finance for subsidies and at the same time have the resources we desperately need for new investment."

But he did not wish to conceal the point that the financing of *the steel industry in 1975-76 and* possibly the Post Office will add to the estimated borrowing requirement. Mr. Barnett hoped that the Bill would be the last of its kind.

Tories probe banks policy

BY JOHN HUNT

A ROW OVER the confidential Transport House document which suggests that one or more of the big clearing banks should be nationalised, broke out in the Commons yesterday around Mr. Anthony Wedgwood Benn, the Industry Secretary.

Mr. Benn, who is chairman of the party's Home Policy Committee which was considering the document last night indicated that it would be wrong for the Opposition to assume that the Government would never use their powers in this way.

Mr. David Crouch (C., Canterbury) demanded to know whether it was really the intention that the National Enterprise Board, to be set up under the Industry Bill, will have powers to nationalise one of the banks.

Mr. Benn replied: "As we say, that is another question."

He invited the Conservatives to consider whether a paper written in a party office and which was going before a party committee was seriously to be taken as a legitimate supplementary question in the Commons.

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The Executive's World

EDITED BY JAMES ENSOR

THE OUTPUT LEAGUE

		Output/ capita £	Turnover £m	Employees
Airlines				
SAS	Sweden	19,200	287	14,900
Lufthansa	Germany	16,900	402	23,800
KLM	Netherlands	16,900	282	16,700
Swissair	Switzerland	15,900	224	14,100
Air France	France	14,200	427	30,000
Alitalia	Italy	13,700	215	15,600
BRITISH AIRWAYS	BRITAIN	11,000	647	58,800
Aerospace				
Dassault	France	20,000	302	14,900
Saab-Scania	Sweden	15,900	514	32,400
VFW-Fokker	Neth-Germany	13,300	228	17,100
MBB	Germany	10,600	199	18,700
Aerospatiale	France	9,200	345	37,500
Snecma	France	9,000	172	19,100
ROLLS-ROYCE	BRITAIN	7,200	432	60,000
BRIT. AEROSPACE	BRITAIN	7,000	500	70,000
Coal				
Saarbergwerke	Germany	13,573	388	28,600
Ruhrkohle	Germany	9,289	1,375	148,000
Eschweiler Brgwke.	Luxembourg	8,018	192	23,900
Charbonnages	France	4,757	435	9,500
NAT. COAL BRD.	BRITAIN	3,065	1,033	337,000
Motors				
Opel	Germany	18,433	1,051	57,000
Volvo	Sweden	15,850	1,052	66,400
Daimler-Benz	Germany	15,423	2,406	156,000
Volkswagen	Germany	12,927	2,779	215,000
Peugeot	France	10,646	2,086	196,000
Renault	France	10,300	1,802	175,000
BRIT. LEYLAND	BRITAIN	7,666	1,564	204,000
Fiat	Italy	7,632	1,534	201,000
Railways				
NS	Netherlands	9,734	260	27,000
SJ	Sweden	8,943	456	51,000
SBB	Switzerland	7,961	334	42,000
DB	Germany	6,100	2,849	406,000
SNCB	Belgium	4,890	287	59,000
SNCF	France	4,671	1,321	283,000
FS	Italy	3,770	377	100,000
BR	BRITAIN	3,156	789	250,000
Shipbuilding				
Rijn-Schelde Vrlme.	Netherland	12,000	342	28,300
Chantiers d'Atinque.	France	11,441	120	10,500
Howaldstwerke	Germany	11,400	180	15,800
Italcantieri	Italy	6,000	168	28,000
BRIT. SHIPBLDRS.	BRITAIN	3,700	350	95,000
Steel				
Thyssen	Germany	21,074	1,943	92,200
Krupp	Germany	16,570	1,259	76,000
Rheinstahl	Germany	16,517	1,024	62,000
Estel	Neth-Germany	16,200	1,231	76,000
Salzgitter	Germany	15,900	890	56,000
Mannesmann	Germany	14,800	1,627	110,000
Italsider	Italy	14,305	700	49,000
Denain	France	12,090	1,068	84,000
BSC	BRITAIN	8,068	1,775	220,000
Transport				
Kuhn & Nagel	Germany	45,304	312	6,900
Panalpina Weltspt.	Switzerland	33,300	153	4,600
Schenker	Germany	26,186	327	12,500
RATP	France	6,178	222	36,000
NAT. FREIGHT	BRITAIN	4,407	223	50,600
NATIONAL BUS	BRITAIN	2,950	200	67,800
LONDON TRNSPT.	BRITAIN	2,760	152	55,000
Utilities				
Nederlandse Gasne.	Netherland	389,000	545	1,400
Ruhrgas	Germany	89,227	250	2,800
NWK	Germany	54,230	141	2,600
VEW	Germany	49,567	312	6,300
Intercom	Belgium	25,000	205	8,200
RWE	Germany	22,381	1,278	57,000
Gaz de France	France	14,400	389	27,000
SSEB	BRITAIN	12,174	168	13,800
ELECTRICITY	BRITAIN	11,057	1,913	173,000
BRITISH GAS	BRITAIN	9,519	971	102,000

The figures are based mainly on 1973 turnover and employment figures, with comparisons made at the exchange rates ruling at that time. Source: company reports and studies by Commerzbank, L'Expansion, Forbes, Fortune and the Financial Times. British Shipbuilders and British Aerospace relate to the estimated turnover and employment levels of the companies now being nationalised.

Britain's overmanned State industries

BY JAMES ENSOR

NOW THAT it is clear that Britain is staying in the Common Market, the Government will have to devote some attention to the general lack of competitiveness of British industry.

Britain's biggest disadvantage lies in its nationalised industries—both those nationalised in Britain for political or financial reasons such as steel, aerospace and shipbuilding and those which are nationalised in most European countries such as transport and utilities.

In nine major industrial sectors, which account for the great bulk of the transport and utility infrastructure as well as a preponderance of heavy manufacturing industry, the British company is in every case significantly less productive — in terms of output per capita— than its Common Market or European rivals.

Low output

The startling fact is that not only have the industrial sectors nationalised by the post-war Labour Government, like railways, coal and road transport failed to match the growth in productivity in similar Continental businesses; but the private companies, which have more recently fallen into the state net, such as British Leyland, Rolls-Royce, British Aerospace and British Shipbuilding (both formed this year out of the private sector companies) produce less output per man employed than any of their main European rivals.

The worst cases of low output per capita are in shipbuilding and coal, the traditional foundations of Britain's 19th century power. Output per man in these industries is only about one-third of those in the more productive European industries. In steel and motors, the nationalised British enterprise achieves only about half the output of its most successful German rival. Even in air transport and aircraft manufacturing, in which Britain has always invested heavily, efficiency falls below the levels achieved by rivals.

These figures put into perspective the determination of Sir Monty Finniston to reduce by 20,000 the manning levels of Britain's steel industry. For with its 220,000 workers, British Steel has a lower turnover than its German rival Thyssen, which employs only 92,000. To bring itself into line even with the average European producers, the corporation would need to shed half of its workers.

The uncompromising attitude taken by the Secretary for Industry towards redundancies raises worrying questions about the future viability of some of the major British industries which are answerable to his department. For every one of the chairmen of the state industries who have been meeting under the aegis of Mr. Richard Marsh, of British Rail, presides over a business which is less efficient than most of its main rivals. Their objections to political interference in their affairs, in particular to their efforts to bring about an orderly reduction in over-manning, seem quite valid in the light of their productivity figures, when set on a European, rather than national scale.

The importance of these industries to Britain's economy can scarcely be overstated. They include seven of the twelve major British corporations, ranked by capital employed (eight if the Post Office were included). Only the oil majors, ICI and Unilever match their scale and contribution to the British economy. If their productivity growth is slow, so will be that of the British economy as a whole.

Small plants

British Leyland, with its inheritance of 60 plants, can scarcely compete on equal terms with Volkswagen, which grew up as a single entity in the post-war period, centred round a massive plant at Wolfsburg. British Aerospace is still saddled with the small plants of the competing concerns established in and after the First World War. The shipbuilding industry, despite the money spent on the Clyde and in Belfast, has far too many small units. Steel lacks the integrated coastal massive plants, which it is part of the Finniston strategy to establish.

In other cases, political interference must have played a substantial part in the poor performance of the industry. British Rail could show far higher output per man if the Beeching reforms had been followed through and it had been streamlined to an Inter-City network —even though as the railway economists argue it might still be unprofitable. London Transport and the National Bus company have deliberately been operated as social services, with fares held below economic levels and service frequencies far higher than in many Continental undertakings.

Of course, obviously the crude figures of output per man do disguise very real differences in the operational

status of the corporations—and nowhere is this more true than of the utilities. A gas undertaking, working entirely on natural gas, as in the Netherlands or an electricity business which relies on hydro-electric power must necessarily produce a much better output per man than a power business based on more traditional technology.

Competition

Even so, the question arises whether the German or American system of operating utilities on an area basis, so that there is competition at least in the adoption of new technology and in the manning levels, through price comparison, may not be more successful than the British approach of a single, national authority which only competes with alternative sources of supply. The Conservative Government, in establishing the second-force airline British Caledonian, recognised that competition may be healthy even for state industries, provided that it does not lead to wasteful duplication.

Sir Don Ryder, the head of the National Enterprise Board, who will obviously have a considerable impact on Government thinking about industry, argues that competition within sectors between state and private concerns is the ideal system. He stresses that the essential difference between an industry like motors (and the same thinking applies to the other nationalised manufacturing concerns) is that it has no captive customers who are forced to buy its products. It thus differs from the utilities or transport concerns and needs a far more entrepreneurial approach to its operations.

The present system of operating nationalised industries, under which losses are subsidised by the state and in some cases price levels are deliberately maintained at uneconomic levels offers little incentive to raise productivity through closing down operations and making men redundant. Yet low productivity and poor efficiency goes hand-in-hand with a poor return on capital which makes it ever more difficult to earn the profits necessary to modernise the industry.

The case of British Leyland, which as a public company was always struggling to earn enough to earn the profits to finance the rebuilding of its plants and the refurbishment of its product range, can be duplicated throughout the nationalised manufacturing industries. If the head of the state industry is constantly having to return to Government for capital handouts to maintain necessary re-equipment rates, he will obviously have little leverage in using that capital to reduce manning levels. Yet the whole purpose of capital equipment is to reduce labour input.

Aerospace

Sir Don Ryder and his team have estimated that it will cost £1bn. to put British Leyland in a competitive shape. The report said little about redundancy, but most people feel that up to 50,000 jobs will have to go if the group is to achieve Continental levels of production efficiency. In the aerospace industry, insiders have argued that the merger of BAC and Hawker-Siddeley makes sense only if some 30,000 jobs are eliminated through rationalisation. The count in the far more overmanned shipbuilding industry must be substantially higher.

This adds up to a huge bill in capital investment redundancy and retraining if all of these industries are to be put into competitive shape, simultaneously. Steel alone will probably need sums of the same order to British Leyland over a comparable period of years and shipbuilding and coal will need substantial, if far smaller, amounts.

However much one way argue over the statistics—which are undeniably crude for they reflect the low worth of sterling and the price control in some sectors as well as low physical output — it seems clear that certain key, industrial and transport sectors now under state control have fallen seriously behind their Common Market rivals. Unless the inevitability of high capital investment and ensuing redundancy is accepted by the Government, they are likely to suffer from the same vicious cycle of low output, low profits and low investment, steadily repeating itself.

Turin teaches the Third World

THE DESIRE of the Shah of Iran to press forward with the economic development of his country with all possible speed receives fresh confirmation daily. One recent example was the agreement reached with the International Labour Organisation in Geneva for a $10m. plus crash training programme, providing for the training of 1,800 instructors, trainers and managers over a three-year period; and assistance to Iran in setting up its own technical training centre at Karaj, near Tehran, and in establishing four regional management development centres at Isfahan, Tabriz, Ahwaz and Arak.

Outside Iran itself, the focal point of training activity will be the ILO's International Centre for Advanced Technical and Vocational Training, in Turin, which for a decade or so now has concentrated on courses almost exclusively designed for the developing countries of Asia, Africa and Latin America.

The scope of the curriculum is very wide, current courses include: One on earth-moving and road-building equipment maintenance for a team from Mali; one for personnel managers from a number of French-speaking countries in Africa (in French), and another for a similar group from Latin America (in Spanish); a course on the management of co-operatives for managers from several English-speaking countries of Asia; and one on the marketing of banking services for a team of bankers from Brazil.

Courses may be as short as three and as long as 24 weeks, but the great majority are for three months, and must follow a standard pattern. Most of the first week is spent in planning and orientation, and discovering the special needs of participants. There follow eight weeks of nine-to-five study at the Centre, using such familiar techniques as lectures, seminars, case studies, problem-solving exercises, business games. Towards the end of the course two weeks are spent visiting industrial and other facilities in Europe.

The Italian Government makes the largest single financial contribution—just under $2m.—to the Centre's budget which, before the signing of the contract with Iran—which will boost it by an estimated $1.8m. a year—was of the order of $8m., stated Raymond S. Milne, Acting Director, a New Zealander. Other major sources of funds are sister organisations within the UN family: UNESCO, FAO, WHO, the World Bank, the International Atomic Energy Agency; and, most notably, the United Nations Development Programme, which specialises in promoting Third World development.

Oil rich

In more recent years, new sponsors have come to the fore, such as the oil rich countries of Iran and Libya; and a number of private and public corporations.

Though the Centre is expected to stand on its own feet financially, administratively it is under the direction of the ILO; it was the latter's Director General, who is also chairman of the Board of the Centre, Francis Blanchard, who, for example, signed the contract with Iran.

Its faculty presently consists of some 40 professors, assistant professors and lecturers, of 21 different nationalities, who are qualified to give instruction in English, French, Spanish, Italian, Arabic and Farsi; the last, the tongue of Iran, is a recent addition, which will be supplemented shortly by the addition of eight academically qualified Iranians to the staff.

Structurally, the big change has been that whereas in the beginning the emphasis was mainly on the training of instructors in the vocational field, this now accounts for only about 50 per cent. of total activity. Nowadays, a great deal of time is spent training trainers of all kinds, who can return to their own countries to teach others, with a multiplier effect.

Training

The principal lesson acquired by experience at Turin is that it is illogical and, in fact, impossible to transfer to developing countries without modification techniques of training appropriate for the advanced industrial countries—including management. Conditions in the two environments are entirely different.

For instance, in a developing country, capitalism, which is the mainspring of Western business enterprise, often does not exist. Top managers may be government officials, and economic policy may be dictated by the programme of the party in power. Enterprises may themselves be monopolies. Hence, competition and the price mechanism are irrelevant to domestic operations—which can create problems when the same concerns want to develop export trade.

If the enterprise is run by the State, either directly or through a public corporation, and financed by the taxpayer, the mechanics of the capital market will be of little interest to its managers. In several countries, personnel managers have to operate in a climate where it is forbidden to give the sack. In quite a few, the trade unions are still in an early development stage, but they feel the need for their officials to acquire skills needed, for instance, in collective bargaining and participation.

With commendable humility, the faculty confesses that it is always learning itself, including from students.

NORRIS WILLATT

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

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TUESDAY, JUNE 10, 1975

Spelling out the task

ANY LINGERING trace of complacency over the referendum result must have been removed, both for the Government and the business community, by the new evidence which appeared yesterday in the official statistics and in the annual report of the Bank for International Settlements, of the size of the task now facing the country. The Chancellor, in his delayed attack on excessive consumption in this country, has been hoping that a revival in export demand and in investment would help to fill the hole in demand which he is obliged, sooner or later, to make. The new figures for investment intentions show that so far from recovering, investment spending is still being cut, and is unlikely to recover next year. The BIS, meanwhile, gives a warning that international recovery will be sluggish.

The only issue

Nevertheless, it is increasingly clear—and Ministers are increasingly acknowledging the fact—that an attack on the Government's and the country's deficit cannot be much longer deferred. The only issue, as the BIS tartly observes, is how far the necessary cut in consumption will be achieved by rising unemployment and how far by a reduction in real earnings. A rapid return to realistic wage settlements is clearly an infinitely preferable answer, as the Chancellor and Mr. Crosland have been stressing over the week-end.

In urging restraint, Mr. Healey has been basing some of his hopes on a quick moderation in the rate of price increases once the impact of Budget changes and catching up by the public sector have come through. Here, at least, the new figures provide some limited ground for hope. Wholesale prices of output, apart from Budget effects, rose by less than one per cent. in May, the smallest monthly increase for 18 months. If this moderation could be sustained, it would be reflected at the retail level after quite a short time lag. Such evidence would certainly help to lend Mr. Healey some credibility when he urges that the next wage round should be based on the assumption that the inflation rate can and must be halved.

It takes more than a month, however, to establish a new trend, and the index for the cost of raw materials and fuels carries a warning to this effect. This index, which has been relatively stable in the early months of the year, rose by 2.2 per cent. in May. Though this is often thought of as an index of import costs, the causes were almost entirely domestic: the rise in nationalised industry charges, which raised the cost of fuels by no less than 8 per cent., and the downward adjustment in the exchange rate, entirely in response to comparative costs, which raised the cost of imported commodities by 1½ per cent. in sterling at a time when dollar prices were still easing. May was a bad month, when overdue adjustment both to electricity prices and the exchange rate came together; but the warning conveyed by these figures is clear.

In the central battle against inflation, the depressed prospect for economic activity should be helpful to the Government as long as it can keep its nerve. It has already had a chastening effect on the TUC, which is now considering some moderate and constructive proposals for the next wage round. Commodity prices seem likely to remain subdued for some time.

Calls from Left

On the other hand, the gathering recession in the U.K. will certainly increase the strains within the Labour party, with calls from the Left for ever stronger intervention to stimulate investment, however misguided, and for import controls to keep the world recession at bay. The Chancellor who, to do him credit, has already made it a central point of his policy not to suppress the inflation already in the system, can be expected to lead the resistance to such calls. What he must now add is that while he himself supports some interventionism on the investment side, a real recovery in investment cannot be expected until it is clear that we are firmly on the road back to sound finances. Industrial leaders could lend him credibility by speaking of the opportunities they see in a British economy to which some stability had been restored.

House of Commons on the air

YESTERDAY'S first, experimental, radio broadcast of question time in the House of Commons was a success. It was not particularly good theatre; its entertainment value consisted more of the novelty of the occasion than of anything actually said, or shouted. Yet this is the very reason why it was a success: radio broadcasting of parliamentary proceedings will be beneficial for just so long as it is regarded as a means of spreading information. If it ever became a mere appendix of the entertainment industry, all would be lost.

This is why the House, acting on a free vote, has shown such good sense in its determination to proceed with caution on radio—and to keep the television cameras out. There was no attempt yesterday to alter the proceedings in order to suit the broadcasters, and any such attempt should be resisted. The difficulty at question time is that questions are called by number, and the pace is fairly rapid; the commentator has but a few seconds in which to indicate the subject of the question before the answer starts coming across. This was managed well enough yesterday. The old complaint that certain MPs have greater access to newspapers, radio and television than others persists, but broadcasting on the radio should help to redress the balance.

Television would be quite another matter. It is important that the totally different nature of the two forms of broadcasting should be properly understood. The spoken word, properly transmitted, can be an excellent means of providing detailed information for a great number of people who might otherwise remain uninformed. It is easy to record and play back—and in this country there is a long tradition of high quality and by and large fair and impartial radio broadcasts by the BBC.

Once cameras are introduced everything changes. The temptation to play to the gallery is magnified a hundredfold. Worse, just what picture does appear on the screen is bound to be influenced by the prominence or notoriety of the people from whom the choice has to be made. Later, edited versions must compete with other bits of film and videotape to make up a news or current affairs programme which has to compete against other attractions.

This could never be a satisfactory means of enlightening the public, and Parliament has been right to reject it. Anyone who doubts this should compare the straightforward reporting of "Yesterday in Parliament" on radio with the cutting techniques employed on TV. Thus the welcome given to yesterday's cautious introduction of the microphone into the Commons cannot be extended to the camera—and, indeed, the warning should be added that the first should not be allowed to become a stalking horse for the second.

This might sound like a harsh attitude towards what is generally — and probably rightly—regarded as the best broadcasting system in the world. The explanation is that no television system anywhere has yet shown itself to be capable of reconciling the need to keep the attention of a mass audience (good entertainment) with the need to present complicated arguments in a full and fair manner. Quick transmission of election results is possible: lively and yet intellectually rigid analysis is mixed up with the "human interest" comment. Televising the Commons could only be justified by a technique that has not yet been invented.

As the Industry Bill's Committee stage resumes, **Geoffrey Owen** questions its disclosure provisions

A wrong turning on the road to industrial democracy

WHETHER or not Mr. Anthony Wedgwood Benn is removed from the Department of Industry, the Industry Bill, of which he is the main author, will continue to roll through the Parliamentary machine. During the Committee stage, which resumes in the Commons to-day and will be completed on Thursday, the Government has made no significant concessions to industry's case against the Bill. In the few weeks that remain before the Report stage the Prime Minister has to decide whether, in the interests of better relations with business, he can afford to risk the displeasure of the Tribune Group and the TUC by modifying the Bill, especially in the crucial sections dealing with disclosure.

For although businessmen are uneasy about the National Enterprise Board and would like to see its powers more closely circumscribed, it is the disclosure provisions in the Bill which are causing the greatest concern. Many large companies are willing to go along with the principle of planning agreements, whereby their discussions with Government on future plans (which already take place) are extended and formalised. And they would accept that representatives of their employees should be involved in this process of consultation, provided there are safeguards to prevent the leakage of commercially sensitive information.

What they do not accept is that the Secretary for Industry should have unlimited power to compel companies to supply commercial information, including forecasts, to him, and through him to trade union representatives. In the Bill, as opposed to the White Paper, this power of disclosure is not related to the negotiation of planning agreements but can be applied to any company which in the Minister's view is making a "significant contribution" to the economy.

Unrelated purposes

The trouble stems from the fact that the Bill has been designed to serve two quite unrelated purposes. On the one hand, there is the desire to forge the kind of partnership between Government and large manufacturing companies which, some Ministers think, has been responsible for the economic success of certain other countries, especially France.

On the other hand there is the view, vigorously expressed during the Committee debates by Mr. Wedgwood Benn and by his Under-Secretary, Mr. Michael Meacher, that the disclosure of information by managements to employees and their trade union representatives (by compulsion if necessary) will, *in itself*, contribute to better industrial relations and greater efficiency. "We have retained the compulsory element," said Mr. Meacher, "because we believe passionately that there is a burning democratic need in our society to-day for more information about company affairs to be revealed to a company's employees and to representatives of the trade unions."

Mr. Wedgwood Benn named the steel closure review as a case where "we have already done it. We have forced the BSC to give to the people at Shotton, Shelton, East Moors and Ebbw Vale information about the profitability of their plants so that they could argue on equal terms with the BSC. It was out of this clash of interests, based on shared information, that those people managed to make their case for the deferment of the Shotton closure, for the new electric arc furnace at Shelton, for the delay at East Moors and so on."

The implication seems to be that virtually all management decisions affect in some way the livelihood and welfare of the employees and that none of these decisions should any longer be taken unilaterally. As Mr. Meacher put it: "We have reached a stage of industrial relations in which it is not only the interests of employees but of management as well that there are no matters in the affairs of a company which are non-negotiable. That situation requires an extensive provision of information."

This second objective of the Industry Bill raises very difficult problems both of principle and of mechanics. The approach to industrial democracy, and how to reconcile participation with the need for management to take decisions, are matters which are still being debated within the Government and outside it. It seems entirely wrong that, even before the basic policy here has been established, the Industry Bill should be used as a backdoor method of enforcing a particular form of worker participation.

As the Ryder Report on British Leyland pointed out, in rejecting the trade union proposals on participation, "management must have executive responsibility and must be given the necessary scope for applying their skills in the interests of BL and its work force."

It is questionable whether employees really want all the information specified in the Bill or what they would do with it if they got it. To the extent that their primary concern is with decisions that affect employment and may lead to the closure of plants, the appropriate vehicle for dealing with it is the Employment Protection Bill. This Bill already contains provisions which oblige employers to give minimum notice for redundancy decisions, to discuss with the trade unions the reasons for the redundancies, and to consider any representations made by them. No doubt there are ways in which these provisions could be elaborated and tightened, but this is surely the way to handle situations like Litton's closure of the two Imperial Typewriter factories (a case frequently cited by Mr. Wedgwood Benn and Mr. Meacher), rather than through the selective powers of the Industry Bill.

It is perfectly true that there is an irreversible trend (not confined to the U.K.) towards greater disclosure; some of the ancient management prerogatives are being slowly eroded. Many well-managed companies are not resisting this trend; they are leading the way in opening up new areas for discussion with their employees. In principle there could be a role for legislation in this field, to give a stimulus to the process and to bring pressure on the laggard companies. But as Labour Ministers should know, bringing the law into industrial relations is fraught with difficulties and could create more problems than it solves.

It is quite probable that the Industry Bill, even if enacted in its "White Paper" form, will be used by trade unions as an instrument for bringing pressure on managements to divulge more information. The Government insists that no company will be forced to enter into a planning agreement, but there is nothing to stop a trade union's trying to persuade the company to do so, to the point of industrial action if necessary. As Mr. Meacher admitted, "if the majority of employees wish a planning agreement to be made and exert pressure to that effect, that would not constitute improper pressure in our view." If the company refuses to give in on the planning agreement, it is presumably open to the trade union to approach the Secretary of State and persuade him to impose a disclosure order on the company.

No less troublesome is the procedure outlined in the Bill for treating confidential information. Having identified the "significant" company, the Minister is empowered to require that company to provide information on a list of specified topics. He then has a "duty" to serve notice on the company to pass on the information to a representative of each relevant trade union—unless the Minister considers that to pass on the information would be undesirable in the national interest or illegal.

The company can appeal against the Minister's order to a committee, which under the Government's plans will be the Central Arbitration Committee of the Advisory Conciliation and Arbitration Service. The committee may release the company from the obligation to disclose information to the trade unions if it is satisfied either that the information was given to the company in confidence or that disclosure would be "seriously prejudicial" to the company's interests.

There is very great concern among several leading companies that under this procedure they will be forced to disclose commercially valuable information and that it will be leaked to competitors and others. For one thing, even the staunchest admirers of trade unions would not claim that they are the best-equipped bodies for keeping confidential information secret: the more the information is diffused among officials at various levels in various unions, the greater the danger of leaks.

For another, the Central Arbitration Committee, designed to solve industrial relations problems by arbitration, seems a totally inappropriate body for judging complex commercial and contractual issues; the phrase "seriously prejudicial" is itself alarmingly vague. It would be far better, as Opposition MPs have suggested, for the appeal body to take the form of an industrial tribunal or court, whose members would be experienced in commercial contracts and confidentiality.

Decidedly leaky

Mr. Wedgwood Benn assured the committee that neither he nor the CAC nor the trade unions will want to cause leaks which might damage British industry. But the fact remains that the procedure as envisaged in the Bill is decidedly leaky and leans very heavily on the unfettered judgment of the Minister himself and of the appeals committee.

What some companies would like to see is a clear distinction in the Bill between employment-related information (investment in new factories, expansion plans, possible rationalisation, etc.) and commercially sensitive information. The first category they would willingly transmit to the unions (many of them already do so), with the proviso that they could appeal against disclosure if any particular item of information was commercially sensitive. The second category would not normally be disclosed (except to the Government), but the Minister would have the right to appeal if he felt that a particular item, though commercially delicate, was of such importance to the workforce that it should be disclosed. This procedure, moreover, should be specifically related to planning agreements, as was envisaged in the White Paper.

The Government has got itself into a muddle over the Industry Bill through a confusion of objectives and through trying to tack on to planning agreements notions about workers' control and industrial democracy which go far beyond the scope of the White Paper. The Government's ideas about what planning agreements will actually achieve (apart from putting new burdens on managers and civil servants) seem somewhat vague, but at least they can be presented as a step towards partnership between Government and industry which builds on existing practice.

Balance of payments

Compulsory disclosure of information to employees and unions is another matter. Apart from employment-related issues, which belong to the Employment Protection Bill, the subject should form part of any separate legislation on industrial democracy which the Government may introduce. As for "public accountability" (another element in the thinking behind the Industry Bill), this is best tackled by extending the disclosure provisions of the Companies Act: instead of just giving their figure for exports, for example, companies might be required to disclose their net contribution to the balance of payments.

The Government's best course would be to limit the Industry Bill to the objectives set out in the White Paper and to modify drastically the clauses dealing with disclosure. In their present form these clauses seem certain to cause endless trouble. They will discourage companies which have already set out on the path of fuller disclosure; they will create a new source of friction between management and employees; and they will introduce a new constraint into the dialogue between Government and industry, making the partnership even harder to achieve.

WHAT THE BILL SAYS

Disclosure of Information

20.—(1) If it appears to either of the Ministers that any person is carrying on in the United Kingdom an undertaking engaged in manufacturing industry which makes a significant contribution to a sector of such industry important to the economy of the United Kingdom or to that of any substantial part of the United Kingdom, or that a subsidiary of any person is carrying on such an undertaking, he may by order declare that that person is a person to whom sections 21 to 23 below apply.

21.—(1) For the purpose of obtaining information which in his opinion is necessary for the appreciation of the future plans of a person to whom an order under section 20 above applies, and of his subsidiaries, a Minister may by notice require that person to furnish him with such information in such form as may be so specified, relating to any undertaking engaged in manufacturing industry in the United Kingdom and carried on by him or by any of his subsidiaries.

(2) Information may be required as to any of the following matters:—

(a) the persons employed in the undertaking, or persons normally so employed;
(b) the undertaking's capital expenditure;
(c) fixed capital assets used in the undertaking;
(d) any disposal or intended disposal of such assets;
(e) any acquisition or intended acquisition of fixed capital assets for use in the undertaking;
(f) the undertaking's output and productivity;
(g) sales of the undertaking's products;
(h) exports of those products; and
(j) sales of industrial property owned or used in connection with the undertaking, grants of rights in respect of such property, and contracts for any such sales or grants.

(4) The power to require information conferred by this section includes power to require an estimate as to a state of facts which will obtain at a future specified date or during a future specified period.

MEN AND MATTERS

Jack Grant lends a hand

Joe Lewis says Jack Grant is "giving me a hand." And Lewis needs it: the sale of his 46½ per cent. stake in Hanover Grand, the banqueting, hotel and coach group, comes at the urging of his bankers, he says, and will be followed by the disposal of a 29 per cent. holding in Myddleton Hotels.

His Hanover investment has dropped 70 per cent. and that in Myddleton 80 per cent. But Hanover is the important situation, Lewis being managing director and his father Charles Lewis, who founded the company 20 years ago, chairman.

The company's operations include the Tavistock and Hanover Grand banqueting rooms, the 150-year-old Verry's restaurant in Regent Street and the Guards of London coach business. In mid-1973, the then private Hanover and First National Finance Corporation bought the Cliffs Hotel company in Blackpool on terms that valued it at £450,000.

In the darker days of 1975, Joe Lewis sounds distinctly subdued as he surveys Hanover Grand. In the all-time sellers' market that has developed for hotels (particularly large seaside ones) he says he would happily take £150,000 for the Cliffs. "The hotel business doesn't make any sort of sense" at the moment, he says. Banqueting is another "sad story," and the coaches have been hit by a fall-off in tourism.

Grant, buyer for just £102,000 of Lewis's shares—family trusts still account for quite a bit of the remainder—is in the dressmaking trade, and a personal friend of long standing. He will probably go on the Board, will leave Hanover to the present management, and is expected to be a "fairly quiet shareholder," as Lewis puts it.

And what of Myddleton? Just before the Cliffs Hotel deal which got Hanover Grand its public quote, Joe Lewis paid £800,000 for a holding which had been built up by financier John Nash's Blossoms Hotel as a prelude to an unsuccessful bid. Having seen the share price slide from 240p to 53p, Lewis reports that his stake is "in the process of being sold."

Peace at B & H

Sad to say, the battle of the septuagenarian directors, billed for the Cafe Royal on June 18, is off. Kenneth Pool, former chairman of Boosey & Hawkes, music publishers and instrument makers, will not after all be forcing a re-run of last year's AGM squabble, when the alleged Americanisation of the company which owns the copyright to Land of Hope and Glory produced some emotional scenes.

This year, Pool had already been nominated for re-election as a director by a shareholder. This might have had quite wide support, with a firm base from Pool's own shares and the 17 per cent. of the equity he represents as a trustee of the Ralph Hawkes Will Trust. The Board, however, including the controlling shareholder, American Frank Connor, 73, expressed their disapproval of Pool staying a director in strong language, a letter to shareholders explaining that: "Mr. Pool has been informed that it is not the wish of his colleagues on the Board that he should seek re-election, and that if he does so, none of them will support the resolution."

Having drawn the opposition's fire, Pool has now stood down, saying he does not intend to seek to retain his director's job. The company announces that a nominee from the Hawkes Trust who is "acceptable to the Board" will be co-opted instead. But not until after the annual meeting, so the dissidents from last year may still have something left to complain about.

"I see Harold has reimposed his ban on personal abuse."

Rome's peacemaker

The East Germans have the reputation of being about the toughest of the East European regimes where the church is concerned. It was significant, yesterday, that East Germany's Foreign Minister, Oskar Fisher, turned out to greet the Most Reverend Agostino Casaroli, titular Bishop of Carthage. Casaroli is the architect of the Holy See's efforts to mend its relations with the Communist bloc and is likely to continue this by offering East Germany "legitimacy."

In this case that legitimacy has a special meaning as technically the German bishops are part of an all-German hierarchy with its headquarters in the West. The idea is thought to be a seperate East German hierarchy, with its own archbishop and bishops, someday perhaps even a cardinal. In return the church wants an easing of conditions under which Roman Catholics practice their religion.

Such offers of legitimacy in the Vatican's eyes are a far cry from the days of Pope Pius XII when Communism was roundly condemned. Casaroli, now 60, was backed by Pope John XXIII to try to break Rome's cold war with East Europe and he has now been to most countries within the Soviet camp, including Russia, Czechoslovakia, Poland, Hungary and Cuba.

He has a reputation for not wasting opportunities. In 1970 he was kept waiting in an anteroom on the island of Brioni before he saw President Tito to restore full relations between Rome and Yugoslavia after an 18 year break. He used the time to chat to the Chinese Ambassador, who happened to be in the same room, establishing the first contacts between Rome and Peking since Mao Tse-tung took power.

In Spain, however, where Casaroli managed to smooth the personal antipathy between Pope Paul and General Franco to the point of agreement to sign a concordat, his diplomatic skills have so far been nullified by sustained opposition of the Spanish clergy to continuing the concordat talks.

Le rumpus

What looked the most English of confrontations, the scuffle between the stable lads and the members' enclosure at Newmarket, may yet be paralleled in France. Chantilly races on Sunday were run under the cloud of an expected stable lads' strike combined with demonstrations, though in the event the meeting went off as normal. A new deal between trainers and the largely Communist CGT union should be signed by July 1. But the two sides are still split over pay rates and the number of horses that "un lad" should care for, so the odds on Newmarket-style clashes are shortening.

Observer

Government policy changes are needed if industrial buildings are not soon to become in short supply in Britain, argues **John Trafford**

Sowing the seeds of a factory famine

MANY AN amateur gardener must have felt a sense of outrage last Friday on reading that Suttons Seeds, which has a wonderful 43-acre seed-growing estate just outside Reading, had been taken over by Slough Estates, one of Britain's largest industrial property developers. Some may have been mollified to hear that Suttons will continue to grow seeds on a new estate being cultivated at Torquay. But others may feel even more angry since Slough Estates intends to build warehouses, with all the traffic and noise that they bring, on what was previously a quiet haven close to a major town; the fact that Slough has just received a £5m. loan from Finance for Industry, the Government-sponsored lending bank, will only add to such people's irritation. The argument against them is that the country needs more industrial investment, an *integral part of which is the* building of modern factories and warehouses.

Natural

Slough Estates intends to *spend £3.2m. on buying this* large site and a further £5m. (at to-day's prices) on building *750,000 square feet of* warehouses by 1980. At first sight, it is difficult to square Slough's apparent confidence with the generally gloomy view taken by most British developers at present. Although there is still quite a volume of work in hand, very little new industrial property development work is being started.

It is natural enough for businessmen to place the blame firmly on the Government. Only last month Mr. Harry Axton, deputy chairman of Brixton Estate, one of the country's largest industrial developers, called on the Government to recognise the *folly of its current* policies towards industrial property and to change course.

"If this is not done," he said, "the country cannot hope *to catch up with* its industrial competitors in Europe and elsewhere . . . Brixton will have to concentrate its expertise abroad rather than in the U.K."

It is a fact that those companies involved in industrial development in and out of *Britain agree that the conditions* for building factories and warehouses in the U.K. compare unfavourably with most other countries. In part this is no more than a reflection of the malaise affecting the whole of the British economy. But there are certain specific measures—the Development Gains Tax and its associated First Lettings Charge, Industrial Development Certificates, Zoning regulations, planning restrictions and planning delays, the Community Land Bill—which ensure that industrial developments here, if, arguably, better environmentally, are a great deal harder and usually less profitable to build than in other industrialised countries.

Terry Kirk

There is no shortage of warehouses for let here, a stone's throw from Tower Bridge. But the present abundant supply of industrial space masks a disturbing situation.

Regeneration

There is evidence that the Government at least partially *recognises the role that* property must play in any programme of industrial regeneration. One of the first loans made by Finance for Industry was the £5m. to Slough Estates in April. FFI's justification for making a loan to a property company was presumably that, by advancing this money, funds which industry needs for buying plant and equipment are not then tied up in new buildings.

One part of Government policy also favours industrial development—at least compared with the building of offices and shops. The Government raised the Industrial Building Allowance from 40 to 50 per cent. last November in an attempt to foster development by owner-occupiers.

This has meant that 50 per cent. of the cost of an approved project can be set against Corporation Tax in the first year.

In spite of these measures, industrial development is at a low ebb and the volume of industrial buildings standing empty or under construction and available for letting is increasing. King and Company, the industrial property agents, found in a recent survey that available warehouse space in England and Wales had risen from 13m. square feet in November, 1974, to over 20m. square feet in *April. Factory space available* had similarly increased, but by a much smaller amount, from 21m. to 23.4m. square feet. Buildings under construction *rose marginally from 11.8m. to* 12.4m. square feet.

Figures of this kind, the first attempted by a British agent in industrial property, must be treated with some caution. A substantial part of the space is either multi-storeyed warehouses in congested urban areas or old-fashioned premises with insufficient access, car-parking space and office accommodation, or built to an unacceptably low specification by to-day's *standards*.

The disparity between an apparent abundant supply of industrial space and the experience of many companies and property agents of rapidly rising industrial rent levels in some areas can be only explained by this distinction between "acceptable modern" and total space available. Some agents, particu*larly those in the south-east,* can cite a string of examples of industrial rents rising by 50 per cent. during the past 18 months, particularly among the smaller units of up to 12,000 square feet.

There is an active if inevitably more patchy market in the bigger units, some of which are as large as 200,000 square feet. A few months back, Donaldsons, the property *agents, received an inquiry for* space on the Parkway Trading Estate at Heston, West London. The caller said that *the big* problem with West London was that there were too many large warehouses to choose from. This appears to be less so to-day, following a number of rather spectacular lettings which have mopped up large packets of space. Last month, Haslemere Estates let 120,000 square feet of single-storey warehousing at Enfield to Thorn Consumer Electronics at the high rental of £1.75 a square foot. There *are numerous other examples.*

Availability

Other parts of the industrial lettings market are less healthy and more accurately reflect the large availability of space which the King and Company survey suggests. Last month, Fairview Estates, which is well known as a house builder but is also very *active on the industrial front,* unveiled a scheme for granting tenants a 20 per cent. rent reduction for the first two years of their tenancy of a new factory or warehouse.

These are clear indications of an oversupply of industrial *space. One may reasonably ask* how genuine the developers' well-publicised concern for the future of industrial property development is. Some, indeed, argue that developers are upset merely because they cannot make a quick fortune under *current legislation and current* market conditions.

But however much delight some may feel at the difficulties of property companies, the fact *remains that the future for in*dustrial development is ominous. With the exception of the largest specialist industrial developers Slough Estates, Percy Bilton and Brixton Estate—and a few smaller industrial operators like Fairview Estates, the level of industrial development has declined considerably. Little, if any, site assembly work is being undertaken.

The reasons are clear enough. Building costs and development taxes are now so high that it is impossible to justify the erection of speculative industrial buildings on commercial grounds. In the main, the only kind of development taking place is that carried out by the established developers using land *banks built up over* a period of years. Even then, developments are usually *undertaken only if they are* pre-funded by an institution anxious to gain a greater stake in *secure and politically* acceptable industrial development and pre-let to a tenant of repute.

A large number of the *industrial projects undertaken* in the past did not fall into this category. It is these in particular that are suffering at the present time. The implication for the future is important because it seems *likely* that an acute shortage of industrial space will develop in 12 to 18 months' time when the current surplus, and the space already being built, *has been absorbed*.

Performance

This assumes, of course, that industry will need more (or newer) factory space and *storage facilities than it has now.* And this, in turn, will depend on the country's economic performance. Nonetheless, unless present Government policies are changed, industrial property could well see a repeat of the past pattern for office developments exemplified in the space famine which followed Lord George-Brown's ban on office building in central London. This is so even though, most industrial developers believe, the Government has no desire to see it happen.

It is only too easy to foresee the public indignation when warehouse rents (a fairly typical figure in the South East to-day is £1.25 a square foot) have risen to over £2 a square foot. The developer will be hounded, but the real culprits will be those who have made it unprofitable to continue developing industrial space while the economy was in recession.

Sorting out site assembly, planning permission, financing and construction for an industrial estate scarcely ever takes less than two years. Thus Slough Estate's venture at Reading looks like being one of the few really big schemes which could capitalise on the next world boom which, we are *assured, will come one day.*

Letters to the Editor

Public sector cuts

From Professor A. J. Merrett

Sir,—Since it now employs around a quarter of the employed population and, with some limited exceptions, *offers terms* and conditions of employment substantially higher than those *obtaining in the private sector,* the public sector is now a major influence on the rate of wage *inflation.*

My impression is that it is far more influential than might even *be judged by the numbers.* This is because the public sector generally does fix national scales *of remuneration* and hence transmits additional wage inflation to all the areas in which local conditions are causing comparable employments to offer less than their national average wage. In other words, it is a great leveller up geographically.

It seems to me preposterous that it is accepted without question that households still wish to have as much publicly provided services as in the past despite the fact that, because of the very large labour content of the services, their cost in real terms (that is, relative to the Retail Price Indx) is incrasing by 8 per cent. to 9 per cent. per annum.

As long as the public sector effectively maintains 100 per cent. full employment in its area of activities, it follows that the natural rate of unemployment must be *correspondingly higher* in the private sector—for example, if the natural rate was *4 per cent. in the absence of a* public sector pursuing this policy it would be 5¼ per cent. where the public sector accounteed for a quarter of all employment. (In practice, it would probably be higher still given the levelling up effect of public sector employment referred to earlir.)

Quite irrespective of our appalling short term position, it therefore seems to me that there is an overwhelming case for the following measures principally designed to cut public sector employment rather than outside purchases where the cuts are merely imposing the unemployment burden on the private sector.

(i) A retrenchment in public sector employment (through natural wastage and economies) with the object of returning first to to the 1972 manpower level within two years and that of 1970 within three years. *As regards local authorities,* these targets could be expressed through a real *manpower index* which allowed for the differing remuneration of the *employees at the base date* and thus prevented substitution of highly paid *officials for lowly* paid clerks. Reductions could also be in terms of actual *manpower base dates rather* than then and now grossly inflated establishment *figures. To enforce this* policy the central Government should reduce its aid to local authorities by twice the cost of any failure to comply.

(ii) Abolition of the 1956 parity arrangement whereby civil servants were *automatically guaranteed* parity with supposedly "comparable" private *sector employments.* (This parity is highly specious since it takes no account of security of employment offered in the public sector—security which, particularly at current levels of taxation, many individuals would be prepared to sacrifice a fifth or so of their remuneration to obtain.)

(iii) Revocation of the 1971 Increase in Pensions Act which created the indexation of public sector pen*sions—a factor which now* makes public sector employment enormously attractive.

(iv) Effectively phasing out much of the additional year of secondary school educa*tion by making 'this* optional for parent and child. My impression is *that* well over two thirds would take the option and that this would *consequently* both reduce public expenditure and employment as well as increasing the labour supply in areas where these young people could readily obtain employment (thus making the choice of staying on at school unattractive).

There are, of course, a large number of other measures which might be adopted but these seem to be ones which most combine political practicality with effectiveness.

A. J. Merrett.
London Graduate School of Business Studies.
Sussex Place.
Regent's Park, N.W.1.

Nationalisation—a choice

From Mr. F. Stark.

Sir,—While the Labour Government *is congratulating itself over* the Common Market referendum can we ask it in the name of *honour to now let us have a* referendum on the question of nationalisation?

Failure to do so will amply illustrate the contempt the Government really feel for the electorate's opinion.

F. Stark.
Highlands, 176 Southend Road,
Wickford, Essex.

Advantages of a single market

From Mr. P. L. Griffiths.

Sir,—There has been some success in persuading other EEC members of the advantages of the British deficiency payment system over the Continental *variable tariff system* of agricultural support. Nevertheless the pressing problem which remains *to be solved* is inflation arising from excessive Government expenditure. One possible cure for this which would also further the aims of the EEC would be the introduction of a single currency for all member countries. This would also involve a single note issuing central bank and subsequently a single taxation and social security system.

The advantages of a single EEC currency would of course be immense for this country. We would, for instance, immediately cease to have any balance of payments problems. All exchange *control regulations* between this country and other EEC countries would be abolished and the full advantages of a single market and the international division of labour would become apparent.

P. L. Griffiths.
41, Gloucester Place, W.1.

Building new homes

From Mr. B. Kilroy.

Sir,—The difficulties of Northern Developments and MEPC housebuilding may make plausible the letter from Mr. Willan, president of the House-Builders' Federation (May 27). He advocated "a mammoth switch away from council housing towards owner-occupation" which "would not only save millions of pounds but would do a great deal to restore the foundations of a *sound economic* policy."

No one can fail to be worried *about the plight of the spec* builders but Mr. Willan might have looked at some of their *inherent weaknesses instead of* making a scapegoat out of council housing. Only a balanced *anti bi-partisan approach* will bring any sense into housing finance so necessary for the DoE's *fundamental review* and *for the* stability of the construction industry.

Mr. Willan claimed a "proven capacity" of "virtually 250,000 dwellings a year in 1972-73"—when private housebuilding was given its head. By all accounts there was serious overheating, over-building of expensive houses, little attention to urban renewal. Do his builders reject public sector work because (unlike the contract builder) they must have speculative profits from selling as well as the legitimate profits from building or are procedures the obstacle?

Mr. Willan feigned horror at the recent (*undeniably fast*) growth in councils' housing subsidies and housing debt. Yet *he ignored: comparable growth* in subsidies to owner-occupation (through the inefficient system *of mortgage tax relief*); *that* nearly a third of all Government expenditure on housing goes *to the private sector;* the phenomenal growth in banks' and building societies' credit for housing, property and construction during 1971-74.

The private housebuilding industry must surely begin to ask itself: whether it can take for granted that it cannot reach a saturation point in its traditional kind of development; whether it can rely on unlimited supplies of housing credit to the prejudice of other sectors (like industry); whether the open-ended Exchequer liability for mortgage tax relief can grow indefinitely; and whether the present financial anomalies in *individuals' housing costs can be* allowed to continue to threaten any counter-inflationary incomes policy.

Bernard Kilroy.
104, Princes House,
Kensington Park Road, W.11.

Who speaks for whom

Sir,—Now that we have a fairly clear picture of the proportion of "working people" Left-wing politicians speak for, it would be nice to know—perhaps by referendum or postal ballot on *official strikes*—the proportion of "working people" Left-wing trades union officials speak for—other, that is, than for themselves.

D. J. Macnamara.
21, The Avenue,
Worcester Park, Surrey.

Definitions of wealth

From Mr. K. Onwood.

Sir,—I would like to comment on Professor Moore's interesting letter of May 31.

One of the dictionary definitions of wealth is "valuable possession of any kind" and I would have thought *that* a pension right would have been within the coverage of this phrase. The argument raised by Professor Moore in the first part of his letter should modify the amount of liability of a pension right to tax rather than exempt it.

Further, I would remind him that many pension plans allow the would-be pensioner to take a capital sum in lieu of pension (within defined limits) on retirement. It could also be argued that accepted wealth such as equity and property with controlled tenancies cannot always *be immediately realised* at its true value.

If a pension is to be treated for *tax purposes* as a purchased annuity surely it would have to bear the unearned income sur*charge on the interest element* which would minimise the loss to the Revenue.

To my mind the tax advantage of a pension, due to its being treated as earned income, places it in a privileged position which negates many of Professor Moore's arguments. I consider that the proposed tax on general wealth would also have to be funded by most people from income and would also fall heaviest on the age group specified by Professor Moore.

K. Onwood.
120, Home Park Road,
Wimbledon, S.W.19.

Low level of importance

From Mr. A. Leraggi.

Sir,—Why should Joe Rogaly (June 3) or anyone else, be surprised at the low level of importance assigned to "correct spelling," "rules of arithmetic," "write clear and meaningful English" (44th !!) by a random sample of 1,500 primary school teachers. I suggest the result would have been even more shocking in the case of 1,500 from the secondary schools.

There are now more than 500,000 members of my so-called profession. Those like myself with higher degrees and member*ship of a learned society* are a tiny and ever dwindling minority. Graduates of any kind are declining both as a proportion of the total (which is ever-increasing) and in actual numerical strength (Department of Education and Science statistics—not my personal opinion).

More than 60 per cent. of the 500,000 "qualified" teachers gained entry to their professional training by means of the bare minimum college entry qualification—that is, five miscellaneous *GCE "O" levels or CSE Grade I* passes (whose equivalence to GCE is a matter of dispute). These do not have to include maths or even English, and often do not do so. Since minimum age of college entry is 18, this rag-bag of the less demanding subject has usually been acquired by multiple exam sittings right up to the second year sixth form level. The recently introduced Certificate of Extended Education, incidentally, enables CSE Grade 4 to be converted to a Grade I "equivalent" by a CSE pass in a Mode 3 exam (internal) with a high proportion of the total credit for coursework, whole value is a matter of opinion.

There has been a recent move to improve quality by stipulating a minimum entry requirement of two "A" levels leading to a B.Ed. course. The main effect of this would appear to be to reduce still further demand for college places and to clobber science and maths departments already suffering from a severe dearth of students.

A. D. Leraggi.
79, Wilton Street,
Denton, Manchester.

Collective bargaining

From Mr. T. Martin.

Sir,—How is it that those leaders of powerful groups on the one hand speak so strenuously in pursuit of the spirit of free collective bargaining, yet on the other hand indulge so willingly in tactics that can only be described, by those subjected to such measures, as fettered collective blackmail?

T. Martin.
Newbegin House, Newbegin,
Beverley, Yorkshire.

To-day's Events

GENERAL

Mr. Ismail Fahmi, Egyptian Deputy Premier and Foreign Minister, begins two-day talks with Mr. Harold Wilson, Prime Minister, Mr. James Callaghan, Foreign Secretary, Mr. Peter Shore, *Secretary for Trade,* and Mr. Roy Mason, Defence Minister, London.

International Monetary Fund interim committee begins two-day session, Paris.

TUC leaders meet Mrs. Shirley Williams, Prices Secretary, London.

EEC agricultural ministers meeting continues, Dublin.

Mr. Fred Mulley, Minister of Transport, speaks at Institution of Municipal Engineers' conference, Scarborough.

Chartered Institute of Public Finance and Accountancy annual conference begins, Torquay.

Print Fair opens, Cunard International Hotel, W.6.

PARLIAMENTARY BUSINESS

House of Commons: Finance (No. 2) Bill, committee.

House of Lords: Scottish Development Agency (No. 2) Bill, committee.

OFFICIAL STATISTICS

Borrowing by local authorities (1st quarter).

COMPANY RESULTS

Chloride Group (full year). Harrisons and Crosfield (full year). Hill Samuel Group (full year). Johnson, Matthey and Co. (full year).

COMPANY MEETINGS

Astbury and Madeley, Birmingham, 12.
Averys, Warley, W. Midlands, 12.15.
Chersonese (F.M.S.) Estates, 10, Mincing Lane, E.C., 12.
Dundee Crematorium, Institute of Chartered Accountants, Moorgate Place, E.C., 12.
Electrical and Industrial Securities, Brewers' Hall, Aldermanbury Square, E.C., 12.
Empire Stores (Bradford), Bradford, 12.
Garnar Scotblair, The Grange, Bermondsey, S.E., 2.30.
Harrison (T. C.), Sheffield, 2.30.
Office and Electronic Machines, Carlton Tower, S.W., 12.
Root Harvesters, Peterborough, 2.15
Smith St. Aubyn, White Lion Court, E.C., 12.30.
Tartan McCaul, 1, Harley Street, W., 10.30.
United Newspapers, 23, Tudor Street, E.C., 12.

BOXING

British middleweight championship: Maurice Hope v. Bunny Sterling, National Sporting Club, London.

COMPANY NEWS + COMMENT

Peak £45.52m. from A. B. Foods

ON SALES up from £861.22m. to £1,066.78m., group pre-tax profit of Associated British Foods expanded from £39.74m. to a record £45.52m. in the year to March 29, 1975, after £18.7m., against £16.6m., for the first half.

The year's profit is struck after substantial increases in depreciation at £19.57m., compared with £17.83m., and interest charges up from £7.19m. to £11.16m.

A second interim dividend of 1.0327p lifts the net total from 1.463p to a maximum permitted 1.5888p per 5p share. Earnings are shown at 6.01p against 5.45p.

	1974-75 £000	1973-74 £000
Sales	1,066,780	861,224
Trading surplus	76,348	64,768
Depreciation	19,572	17,825
Interest payable	11,160	7,193
Profit before tax	45,516	39,705
U.K. tax	13,643	10,985
Overseas tax	7,026	6,621
Net profit	24,547	22,139
Minority	5,303	4,494
Extraordinary credits	627	1,779
Available	20,871	19,424
Preference div.	40	40
Ordinary	5,179	4,736
Retained	15,152	14,648

Sales in the U.K. increased by 25 per cent. and overseas by 15 per cent.

Once again, good sales growth at home more than offset the effects of lower margins which have fallen from 3.8 per cent. of sales to 3.6 per cent. while overseas margins fell from 6.1 per cent. to 5.7 per cent., says the chairman, Mr. Garry Weston.

Although a profit improvement that is only some two-thirds of the rate of inflation during the year cannot be thought adequate, "it must be considered good in the light of the application of price controls which eroded and, in one instance totally destroyed, the operating margins in the United Kingdom and affected some overseas divisions."

While transitional relief, such as that given on stock appreciation, is welcome, Mr. Weston says it is an artificial device that evades dealing with the fundamental problem of inadequate margins.

Of the £5.8m. pre-tax profits increase, £4.5m. was contributed by the U.K. A significant advance in pre-tax profits in South Africa and elsewhere more than offset the reduction in Australia, and the overseas divisions increased profits by £1.3m.

Net assets advanced from £224.97m. to £258m. and the profits before tax as a percentage of these was maintained at 17.6 per cent.

By the end of the year the group had succeeded in containing the increase in working capital and while maintaining the policy of heavy investment in new assets with a record expenditure of £43m., projects were restricted during the year to contain expenditure within the funds generated by the group, the chairman reports.

See Lex

HIGHLIGHTS

The Bank of Ireland report breaks new ground for this sector by including with the accounts a CPP statement showing the effect of inflation on the past year's profit; the Lex column discusses the position thus revealed. Lex also comments on the results from Associated British Foods, where the overseas performance is marred by a setback in Australia but overall group profits emerge much in line with market expectations; and on the halfyear statement from Lonrho which looks for a "substantial" advance in profits for the year. An active year for Chapman and Co. (Balham) has lifted profits well above the £1m. mark and good results are turned in by Rowlinson Constructions and by A. and C. Black; but at the halfway mark Seafield Gentex has swung into losses.

Seafield Gentex loss warning

PRESENT indications are that results of Seafield Gentex, Cork-based textile group, for the year to September 30, 1975, "will show no profit" warns chairman Mr. R. D. Lord in his interim statement.

A first half pre-tax loss of £277,569, against a profit of £657,713 has been incurred, and the directors are omitting an interim dividend payment.

For the year 1973-74 a pre-tax profit of £1.1m. was achieved and a total dividend of 5p per 25p share, less tax, was paid—the interim was 1.875p.

Following his February last report of a "marked deterioration" in first quarter profits, the chairman, Mr. R. D. Lord now says the world-wide recession in the textile industry, together with the problems of inflation at 24 per cent., have had a "disastrous" effect on results.

He said in February it was a matter of strictly controlling expenses and conserving resources until such time as there is an improvement in world textile trade. This is still exactly true, *he tells members*, but, whilst it is too early to say definitely, there does seem to be "some slight indication" that world textile trading has passed its lowest point.

	Half year 1975 £	1974 £
Domestic sales	2,651,000	3,104,000
Export sales	5,200,000	5,668,000
Total external	7,851,000	8,772,000
Trading less	258,769	*676,304
Loan interest	18,800	18,791
Loss before tax	277,569	*657,715
Taxation	—	122,389
Minority	12,656	5,961
Pre-acquisition	—	16,586
Attributable loss	265,083	*501,797
Pref. dividend	22,173	19,227
Interim Ordinary	—	71,254

* Profit.

Downturn at ICI Australia

Group net profit of ICI Australia contracted from $12.3m. to $5.27m., before extraordinary items, for the half year to March 31, 1975.

Tax absorbed $4m. ($12.86m.) and depreciation charged was $9.47m. ($11.34m.). There are extraordinary credits of $1.62m. ($184,000).

External sales rose by 2.9 per cent. to $245.89m., reflecting inflation of costs rather than real growth. Sales in terms of quantity were below those for the previous corresponding period, the directors state.

The interim dividend is again five cents per share.

Costs of wages and raw materials increased steeply and it was not possible to recover all costs increases by adjusting prices, the directors explain.

Sales of most products were affected by the continuing economic downturn and the need for customers to make substantial stock reductions. The effect was particularly severe in the textiles and plastics industries and in the rural sector.

Advance for A. & C. Black

TAXABLE PROFITS of A and C Black, publishers, emerge ahead from £169,000 to £181,000 for 1974, after being £12,000 lower at £71,000 in the first six months.

Earnings per 25p share are stated at 9.2p against 8.9p. The dividend is raised from 3.675p to 3.995p net, with a final of 3.12p.

	1974 £000	1973 £000
Turnover	1,448	1,200
Profit	181	169
Taxation	92	83
Net profit	89	86

● comment

Apart from a hiccup in 1967-68, Black's record has been consistent from a very low base, and the past year falls more or less into the same pattern; pre-tax profits are 7 per cent. higher on a 20 per cent. sales gain. Stock projections were affected by the three-day week while soaring paper costs hit re-runs on most publications. For the current year the big worry must be the planned cut-back in local authority expenditure which could result in funds being diverted away from children's educational books. Since this market accounts for more than half of Black's sales any cut-back in expenditure could prove difficult, although the company hopes to capture a larger slice of the diminishing cake. A 12 per cent. yield at 53p is a fair appraisal of trading prospects and a very narrow share market.

Flight Refuelling prospect

THE CURRENT year is proving to be very difficult for Flight Refuelling (Holdings), and the chairman, Mr. M. J. Cobham, warns that profits are unlikely to match those achieved in 1974.

He believes, however, that this setback will only be of a temporary nature "as there are clear indications that we are entering a period of increased activity in many areas in the years *immediately ahead*." He is confident that the company has the resources successfully to exploit the opportunities.

Much of the development work in recent years, and the promotional effort associated with it, "now appears to be coming to fruition."

"In particular prospects in the fields of airborne targets and nuclear power station equipment, together with the expansion of the filtration business, "are most encouraging," the chairman adds.

Substantial orders are expected soon for equipment for the development of the steam-generated heavy water reactor for the country's future nuclear power requirements. The company is also engaged on the development of a range of remotely controlled inspection equipment of advanced design for use in both existing and future nuclear power stations which should provide an on-going programme of work of several years ahead.

As reported on May 2, group pre-tax profit for 1974 was little changed at £534,800 (£528,900), and the dividend is 2.132p (1.964p) net per share. Higher costs could not be recovered in full in prices, which led to a reduction in margins. Also the receipt of a number of important contracts *was delayed owing to a further* reappraisal of the defence review.

Source and application of funds shows a decrease of £268,000 (increase £159,500) in net liquid funds.

Meeting, 9, Trinity Lane, E.C., July 2, noon.

Rowlinson Construct. £421,000

TAXABLE PROFITS well over forecast and at a record level of £421,081, against £294,135 previously, are reported by the Rowlinson Constructions Group of building and civil engineering contractors and property developers. And Mr. P. J. Rowlinson, chairman, reports that a substantial increase in work loads of *£16m. is in hand for the current year.*

Last December, reporting first half profits down to £103,600 (£130,500) Mr. Rowlinson said second half results were expected to be similar to those of the first, with any increase due to further residential or industrial property sales. The year's net dividend total is raised from 1.70p to 1.84p per 10p share, with a final of 1.28p. Mr. and Mrs. Rowlinson have waived £15,154 of their final dividend entitlement.

	1974-75 £	1973-74 £
Profit	421,081	294,135
Taxation	221,400	153,716
Net profit	199,681	140,419
Dividends	42,088	50,547

● comment

Rowlinson's second half pre-tax profits, at £317,000, are nearly double those of the comparable period, after a fall of a fifth at the interim stage. This improvement has been due to rising turnover on the contract building side, mainly local authority and industrial work, a bunching of completions, and successful negotiations of outstanding contractual claims. As a result, work in progress and the group's bank overdraft have fallen by roughly £½m., although borrowings are still probably more than half shareholders' funds. High-priced residential and industrial and commercial leasing activities remain quiet but further growth on the contract building side, which may account for half the current work load, should help profits in 1975. At 32p, the shares are much in line with estimated net asset value (represented largely by the group's land bank) and yield 9.2 per cent., covered 4.8 times.

Freddie Mansfield

Mr. Garry Weston, chairman of Associated British Foods.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Warnford Invest.	2.7	Oct. 1	2.39	3.96	3.65
Assoc. Brit. Foods 2nd int.	1.03	—	0.94	1.59	1.46
A. & C. Black	3.12	July 17	2.8	3.99	3.67
Chapman (Balham)	2.22	July 31	2.04	3.61	3.32
Crosby House	4.5	—	4.02	8.5	7.52
Berjuntai Tin ......2nd int.	110(b)	July 18	100	190	180
Kramat Tin ......2nd int.	15(b)	July 22	15	30	15
Rowlinson Construct.	1.28	—	1.14	1.84	1.70
Seafield Gentex ......int.	Nil	—	1.87(a)	—	5.0
Wace	0.56	July 11	0.36	0.96	0.86

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross. (b) Gross—Malayian cents.

Crosby House upturn

AN INCREASE from £226,000 to £325,000 in profit is reported by the Crosby House Group (formerly Ceylon Tea Plantations) for 1974.

The dividend is stepped up from 7.52p to 8.5p, with a final of 4.5p net. The total is again covered by earnings outside Sri Lanka.

	1974 £	1973 £
Group profit:		
U.K. and Eire	266,000	128,000
India	42,000	17,000
Divs. from Sri Lanka	17,000	—
Profit invest. realisations	—	81,000
Total	325,000	226,000
Taxation*	132,000	67,000
Net profit	193,000	159,000
Preference dividend	4,000	4,000
Ordinary	62,000	55,000
Retained	127,000	100,000

* After crediting £39,000 ACT written off in 1973.

the chairman, Mr. Laurie P. Marsh, in his annual statement.

As reported on April 11 dividends for the year ended July 31, 1974 totalled 2.01p net, payable with a scrip option, and there was a year-end pre-tax loss of £1.33m. (profit £1.49m.).

An interim dividend of 1.005p (same) has also been declared for the current year from first half 1973-75 pre-tax profits of £483,216.

Mr. Marsh says the group can look forward to increasing revenue and profitability from the three principal divisions—Classic with its expansion plans, organically financed and its substantially improved trading trend, France with increasing rental flow and where further developments are now planned, and the U.K. property portfolio, benefiting from increasing growth in income and substantial capital realisation.

It is for these reasons, says the chairman, that the group can express confidence in the future. This confidence has already been shown, in part, by maintaining the 1973-74 dividend in spite of it being uncovered, he points out.

The chairman advises that because of legislation and the prevailing economic climate, the directors have decided to shelve all U.K. development for the time being. Some of the development properties have been sold and others have been leased on a long-term basis while the remainder are currently under negotiation either for sale or for leasing.

If U.K. properties are taken at their historical book cost and those in France at their latest valuation, then well over half the group's total property assets are now overseas, Mr. Marsh says.

Meeting, Winchester House, EC, July 2 at 10.30 a.m.

Intereuropean Property

An increased dividend to be amply covered by profits in the current year is forecast for Intereuropean Property Holdings by

ISSUE NEWS

Macfarlane rights

Macfarlane Group (Clansman) announces that it intends to raise £480,000 by way of a rights issue of 2m. Ordinary shares on the basis of one for two at par (25p). The shares closed 92p yesterday, up 7p on the announcement.

In the year 1974 the group reported a 66 per cent. increase in pre-tax profits to £790,996 as it strengthened its position as a packaging manufacturer for the whisky industry and moved into the fields of business forms, computer carbon paper and office supplies.

Net proceeds of the issue, which represent an increase of 24 per cent. in the share capital and reserves of the group, will be used to carry out Macfarlane's investment programme and also take up any acquisitional opportunities which are expected to become available.

Macfarlane reports that the early months of 1975 have shown a continued high level of sales although a slackening in certain areas is evidently apparent. Group turnover for the three months to March 31 has increased to £2.17m. (£1.6m.) and profit has advanced from £173,000 to £210,000. However, the directors cannot make a forecast for the current year, but believe that a "satisfactory" outcome will be achieved.

On this basis the group intends to pay dividends totalling 3.126p net for the year to December 31, 1975, of which 1.5p will be payable in October as an interim.

An EGM is being called for July 2, to consider an increase in the authorised capital from £1.5m. to £2m.

GESTETNER

Gestetner Holdings announces that in response to the rights issue of £11,180,242 of 10 per cent. Convertible Unsecured Loan Stock 1990-95 at par, 95.089 per cent. of the stock has been taken up.

The balance of stock has been sold in the market and the net proceeds in excess of the subscription price will be distributed to those shareholders who did not take up their entitlements, except that no payment will be made for an amount of less than £1.

Inchcape to take up shares in Singapore

Inchcape BHD said yesterday that its parent company, Inchcape and Company, had indicated its intention to take up all shares to which it would be entitled under the Singapore company's proposed one-for-five issue.

The statement came in reply to a Stock Exchange query on the company's 1974 trading results. Inchcape BHD recently reported a group net loss for 1974 of $S6.6m. (profit $S31.2m.) including extraordinary losses of $S27m. ($S1.8m.).

Tap Stocks

The prospectuses are published today in connection with Treasury issues amounting to £1.1bn. of Stock. The issues consist of further tranches of £250m. 3 per cent. Treasury Stock 1977 at £87.50 per cent., £250m. of 3 per cent. Treasury Stock 1979 at £78.25 per cent., and £600m. of a new 9¼ per cent. Treasury Stock 1980 at £95.00 per cent.

The list of applications will open and close on Thursday.

Transatlantic & Gen. Secs. dividend rise

For the current year Transatlantic and General Investments is budgeting for an increase in the revenue, and hopes to raise the distribution from 2.7p to in excess of 3p net, says the chairman, Mr. D. L. T. Oppé.

As known revenue, before tax, for the year to March 31, 1975, was £142,371 (£73,669).

Over the year the net asset value of the shares rose by 5 per cent. to 82p. As at May 13, 1975, it was 99p.

There was no fundamental alteration to the investment policy during the year. Other than a small investment in gold shares, 66 per cent. of the portfolio remains invested in North America at the year end and 30 percent. in the U.K. through Second Transatlantic and General Investments.

For the time being, the directors continue to believe that the inherent strength and resilience of the U.S. and Canadian economies justify the orientation of the assets towards North America, says the chairman.

Funds managed or advised by M. & G. Group held 83.47 per cent. of the Ordinary at May 14. Meeting Three Quays, Tower Hill, EC, July 2 at 2.35 p.m.

Wace down £58,707 but now improving

After showing a reduction from £33,100 to £32,200 at halfway, 1974 profits of the Wace Group emerge £57,707 down at £45,201.

The directors expect, however, that 1975 first-half profits will show a small increase over the same 1974 period.

Earnings per 20p share for 1974 are stated at 1.39p (4.13p). The dividend is unchanged at 0.96375p net, with a final of 0.56375p.

WINDING-UP ORDERS

Mr. Justice Templeman in the High Court yesterday made orders for the compulsory winding-up of 127 companies.

Good order books at Simon Eng.

Simon Engineering started its curent year with a good order book "at the end of the first quarter the position was well maintained," chairman, Mr. L. Brook, told yesterday's annual meeting.

At the meeting, Mr. Brook spoke at length on the economic situation and the effects of inflation on the country's competitive *position.*

Mr. Brook also described as "largely ineffective" the Government's recently introduced inflation insurance scheme for companies operating overseas.

He told shareholders there was no doubt that, because of the economic climate in the U.K. and the erosion of our competitive position overseas, it was getting more difficult to obtain orders necessary to sustain and improve the company's situation. The company had "considerable skills both technically and commercially and its products were as good as any in the world."

Explaining the problems of the Government's inflation insurance scheme, Mr. Brook said that in some cases it had been counter-productive as overseas buyers had assumed, quite incorrectly, that as the Government was protecting companies against the worst effects of inflation "our arguments regarding the essential introduction of escalation reimbursement in their contracts no longer have any foundation."

Companies affected were trying to persuade the Government to improve the scheme.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	£36¾	£32½	Bell Canada ($25)	£32½	−⅜	—	—	—	—
‡	F.P.	—	£22¼	£1…	Cont. Can. Inc. $US1	£18¾	−¼	$1.6	—	4.4	—
‡R2	F.P.	30/5	365	323	Deelkraal Gold Mining	330	......	—	—	—	—
‡‡	F.P.	—	154	120	Ewart New Northern	151	......	—	—	—	—
140	F.P.	30/6	181	164	Rank 'A'	165	−5	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
£100	F.P.	—	100½	98⅝	Agricultural Mortgage 11% 1976	100½	+½
‡£100	£25	11/6	65	48	Allied Irish 10% Conv. Uns 1985	48	−5
£100	£10	11/7	11¼	11½	Colne Valley Water 9% Red. Prf. 1980	11½	......
‡£100	F.P.	6/6	132	131	Gestetner 'A' 10% Com. Uns. '90/95	128	−4
$98	F.P.	—	$98	$96½	Granges 9¾% Bonds 1985	$98	......
£97½	£40	—	39¾	37¼	GLC 12½% Stk. 1982	38⅝	......
a	F.P.	22/8	100	98	Greenwood & Batley 15% Uns. 1976	98½	......
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 15% 1980	101	......
††£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	104½	......
••	F.P.	23/5	105½	101½	Mid-Southern Water 10% Prf. 1980	103pd	......
$100	F.P.	—	$101	$100½	Norsk Hydro 9¾% Bds.1985	$101	......
£100	F.P.	21/5	125	106	N. Atlantic Secs. 7¾% Cnv. 95-96	121	−2
$98	F.P.	—	$99	$95½	Ottawa-Carleton 8¾ Deb. 1990	$99	......
$99	F.P.	—	$101	$92½	Papua New Guinea 9¼% Guar. 1985	$101	......
††£76	F.P.	—	103¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	103½	......
£100	F.P.	30/5	155	122	Slough Estates 10% Conv. Uns. '87/90	141	−2
£99½	£45	1/8	46¼	43½	Southend-on-Sea 12¾% 1981	44½	......
£99	F.P.	11/4	106	99	S. Staffs. Water 10% Prf. 1980	104	......
••	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	101½	......
£99¼	£65	11/7	65	65	Warwickshire 12¾% Red. Stk. 1980	65	......
£1	nil	24/6	10	7	Waterford Glass 10% Conv. Cum. Red. Pref.	7pm	−3
—	F.P.	14/2	90	60	Worth (Bond) 12% Conv. Uns.	86	......
‡£100	£50	2/10	97	67	Yorks Chems. 12½% Conv. Uns.	84	−2

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date	Latest Renunc. Date	Stock	Closing Price p	+ or −
100	F.P.	28/5	30/5	Ash & Lacy	140	−2
55	F.P.	10/5	8/7	Associated Biscuit	66	−2
43	Nil	—	—	Associated Engineering	16½pm	−4½
10p	F.P.	15/5	16/6	Aurora Holdings	11¼	......
FF460	F.P.	—	—	Borel (Jacques)	£99⅞	......
55	F.P.	28/5	30/5	Cadbury Schweppes	46	−1½
A$1.50	Nil	—	—	Commercial Bank of Australia	100 pm	+5
45	Nil	—	—	Duport	4½pm	+¼
25	Nil	13/6	11/7	Elliott Grp. (of Peterboro)	10pm	−1
150	F.P.	10/6	12/6	Fairclough (Leonard)	28	−4
175	F.P.	19/5	20/6	Guest Keen	252	−15
52	Nil	16/6	11/7	Hawkins & Tipson	18pm	−2½
25p	Nil	—	—	Hestair	35½pm	−4
125	F.P.	4/6	6/6	Linfood Hldgs.	166	−1
40	Nil	13/6	11/7	Macarthys Pharm.	15pm	−1
100	F.P.	28/5	30/5	Mantre & Garton	124	−3
100	Nil	11/6	11/7	Marshalls Universal	25pm	−1
60	F.P.	21/5	23/5	Martin Black	106	−1
60	F.P.	16/5	16/6	Morgan Crucible	89½	−1
25p	Nil	10/6	12/6	Pahang Cons.	nil	−¼
105	Nil	19/6	17/7	Prudential Ass.	24pm	−4
47	F.P.	4/6	16/7	Richard & Wallington	65	+1
Kr60	Nil	—	—	S.K.F. "B"	200 pm	......
300p	Nil	—	—	Siebens Oil & Gas UK	260 pm	......
95	F.P.	31/5	2/6	Simon Eng.	105	−2
315p	F.P.	9/6	11/6	Sun Alliance	111 pm	−11
125	F.P.	30/5	3/6	Tarmac	136	−4
75	Nil	—	—	United Biscuits	27pm	......

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. s Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. •• Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ● 299 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ‡ Introduction. ‡ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

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COMPANY NEWS

Mercantile and General underwriting warning

IN HIS annual statement Mr. H. K. Goschen, chairman of Mercantile and General Reinsurance, points out that although the technical results revealed in the 1974 accounts are satisfactory in a number of respects, they relate mainly to the underwriting year 1973.

Since then, he says, for general branch business, there has been a "significant" downturn in the world-wide experience which makes certain that 1974 will prove to have been a year of poor underwriting results.

At present, international reinsurance is suffering from a combination of unsatisfactory factors, many of which are recurring in widely separated markets, Mr. Goschen adds.

The group last year reached a new milestone in its life business by achieving a total of new sums assured of £1.178m. Approximately 60 per cent. of total business is administered in the U.K. offices, the remainder being produced by overseas branches and subsidiaries.

In fire and miscellaneous, reports the chairman, the year was beset with heavy losses, unprecedented in the group's experience, as a result of natural catastrophes. Affecting principally the property market, they will "undoubtedly have a far-reaching influence on the international reinsurance scene."

U.K. fire figures for 1973 gave, as expected, a satisfactory result and the directors general view of the market is "not unfavourable."

They are still looking for signs of a real improvement in the marine market. In aviation they were glad to see some indication that Hull rates had stabilised although, premium levels have continued to fall for liability risks, Mr. Goschen says.

Investment income in 1974, compared with the previous year, increased by 26 per cent. to a total approaching £12m.

The close of 1974 saw asset values at a substantial discount, but the company's conservative approach to investment, adopted for very many years, has helped considerably and Mr. Goschen confirms that its reserves are ample to meet this situation.

He adds that the wisdom of the policy of spreading investments throughout the world, so as to match liabilities with assets wherever possible, is fully demonstrated. The value of invested assets has appreciated substantially since the end of the year and now exceeds the book value.

Notwithstanding the effect of all these factors, "we could meet without difficulty the solvency margin requirements," the chairman says.

The new Department of Trade Regulations will have the effect of strengthening the necessary margin of solvency in the future and "we welcome the additional discipline which this will impose on the market," he adds.

The chairman reports that holdings in Commonwealth and Foreign Bonds have been extended, and, the Life Fund has added to its holdings in commercial and agricultural freehold properties. Overseas investments now represent nearly 50 per cent. of the total portfolio.

Group results are compared in the table.

Int., divs. and rents	5,157,340	3,817,023
Net transfers from revenue accounts	1,811,556	2,456,378
Minority int. in losses	2,480	—
Making	6,121,355	6,303,602
Expenses	269,891	309,239
Superannn., etc., funds	320,045	183,819
Audit	39,348	33,185
Taxation	1,802,435	3,039,779
Exchange differences	37,076	30,280
Minority int. in profits	—	1,385
Balance	3,714,340	2,706,715
Debit adjustment	27,351	
To general reserve	—	140,000
To inner reserves	2,500,000	2,000,000
Dividend*	660,666	556,000
Forward	2,129,270	1,542,251

* 12 per cent. (11 per cent.).

Bremner has 'solid' base

WHILE IT would be imprudent to forecast the future in the rapidly changing prevailing economic conditions, Mr. J. T. Bremner, chairman of General Warehousemen, Bremner and Company, feels the inherent strength of the company will allow it to respond to the challenges of the immediate future.

He tells members in his annual statement that past growth has been organic and self-financing and "this means we have a solid foundation."

Net curent assets at £2.28m. (£2.17m.) continue to grow while the company has maintained the strength of its liquid assets, he adds.

As reported on April 28 pre-tax profit was little changed at £623,844 (£622,135) for the year ended January 31, 1975 and dividends are up from 3.0383p to 3.3p net.

On May 10 Throgmorton Street Nominees held 10.91 per cent. of the Ordinary. Meeting, Glasgow on July 3 at 10.30 a.m.

Progress by Alex. Lawrie

PRE-TAX PROFIT for Alex. Lawrie Factors, a subsidiary of Walter Duncan and Goodricke, increased from £350,491 in 1973 to £422,288 in 1974, an advance of 20.5 per cent.

Return on capital rose from 33.3 per cent. to 36.6 per cent. with turnover factored growing from £42m. to £65.5m.

The directors say 1974 was a satisfactory year, although the vagaries of the economic climate and the limits to finance available interrupted the growth pattern in the early part of the year. This caused the level of new business to be limited in the latter part.

While several new clients were taken on, the active list on December 31st was down at 180, against 204. However, clients' turnover continued to increase faster than inflation and was 30 per cent. up on 1973.

The directors feel the full effects of the industrial recession have not yet reached their climax but are optimistic about their own business during the coming year as there is a "healthy demand" and clients are confident for 1975.

	1974 £	1973 £
Turnover	2,264,191	1,311,172
Profit	422,288	350,491
Taxation	209,500	143,700
Net profit	212,788	206,791
Attributable	212,788	197,607
Retained	112,788	107,007

Lonrho expects 'substantial' profit rise

An increase of 27 per cent. in half-time profit and the forecast year to Sept. 30, 1975, on the £46.5m. for 1973-74, is announced by Lonrho, the British-based group with extensive commodity, industrial and financial interests throughout Africa and the Middle East.

For the six months ended March 31, 1975, group pre-tax profits rose from £16.0m. to £20.3m. Turnover reached £198.1m., compared with £157.4m.

The directors point out that the quarterly results are always influenced by seasonable variations—first quarter profit was up by £5.1m. to £14.1m.

	Six months 1975 £m.	Six months 1974 £m.	Year 1973-74 £m.
Turnover	198.1	157.4	349.2
Group profit	17.2	12.7	39.7
Share associates	3.1	3.3	6.8
Total pre-tax profit	20.3	16.0	46.5
Taxation	11.2	8.2	23.4
Minority	3.2	3.0	7.9
Attributable	5.9	4.8	15.2

See Lex

Shellabear Price confident

FOLLOWING THE satisfactory results for 1974, Shellabear Price (Holdings) looks to 1975 with confidence, but with an awareness that the construction industry at home is in a state of severe recession, and that the political and economic climate is one of unprecedented uncertainty, says the chairman, Mr. P. M. C. Price.

The company is therefore initiating activities in the United Arab Emirates, where the prospects of obtaining work in its specialised fields appear to be promising.

The company started 1975 with a higher level of activity than in the corresponding period of 1974 and additional contracts have been awarded. Present trading is satisfactory, but the chairman makes no forecast of the outcome for the year.

As known group pre-tax profit for 1975 was £471,000 (£450,000) and the dividend is 2.2771p (2.1p) net per share.

It has been the aim to avoid the liquidity problems—bank balances and short-term deposits at the year-end had risen to £694,000.

Meeting, Weybridge, July 2, noon.

Peak £1.27m. by Warnford

FROM an increased turnover of £1.53m., profit before tax of Warnford Investments (Property) expanded from £0.99m. to a record £1.27m. for the year to December 25, 1974.

Earnings per 20p share are shown to be up from £5.65p to 6.28p and the dividend is raised from 3.6522p to 3.96p net, with a final of 2.7p.

	1973/74 £	1972/73 £
Turnover	1,530,527	1,305,472
Pre-tax profit	1,270,586	993,372
Tax	667,335	450,168
Net profit	603,251	543,203
Attributable	603,508	542,901

N. B. Steel expects same profit

PROVIDED THE present level of dispatches of The North British Steel Group can be maintained, current year profit should be comparable with the £480,814 for the year to September 28, 1974, says the chairman, Mr. G. M. Menzies.

As reported on May 31, group pre-tax profit increased from £256,568 to £312,251 for the 28 weeks to April 12, 1975.

Mr. Menzies says demand for the heavier range of products has remained high, but the recent intake of orders for lighter work has been disappointing.

Further advance seen by Foseco Minsep

ALTHOUGH UNEXPECTED developments in economic, social and political conditions have to be faced, Mr. E. Weiss, chairman of Foseco Minsep, remains "quietly confident" of the continued advance of the group.

As reported a week ago, first quarter 1975 sales advanced by 27 per cent. to £32m., taxable profits were ahead of the same 1974 period and margins to date had been maintained.

Reflecting internal growth profits of the group for the year 1974 expanded from £9.7m. to £12.7m.; and the dividend total is up from 3.1454p net to 3.4278p.

The chairman explains that the Foseco metallurgical business had a highly successful year with an increase of 40 per cent. in sales and 44 per cent. in trading profit.

The Fosroc sector (building and construction) was increasingly affected by the sharp decline of construction activity in the U.K. from where 58 per cent. of sales derive, and trading profit was lower. This fall in profit partly reflects a deterioration in margins owing to the inability to raise selling prices in step with the escalation of costs. Exceptional provisions of nearly £200,000 were also made in respect of work in progress and debtors in view of widespread economic difficulties being experienced by building and construction industries.

On the positive side, sector sales for the year were 28 per cent. up. The civil engineering systems division increased profit by over 50 per cent.

During the year the group set up companies in two more countries, the Philippines and Dubai in the United Arab Emirates. In both these new locations, FM is seizing the opportunities of fast growing markets in the area and going into partnership with local national interests, says Mr. Weiss.

Expansion is being explored in other regions such as Latin America, not only for the metallurgical business but also for Fosroc construction activities. Sustained effort is being made to develop business with Eastern Europe and China. The chairman says that although this is a long-term campaign, the ultimate market opportunities are substantial.

Members are told that the additional finance required for expansion of business throughout the world during 1974 has been obtained mainly in the currency of each country concerned, thus avoiding exchange risks. The Sw.Frs.20m. loan which matured in June 1974 was repaid during the year and has not been replaced in that form. Instead FM obtained short-term borrowings where required and is converting them into medium- or longer-term facilities wherever desirable and practicable.

Overall group borrowings at £12.7m. were marginally lower at the end of 1974 than a year earlier.

A table of source and application of funds reveals a net outflow in liquid funds of £1.67m. during the year. At the year-end cash and deposits stood at £5.58m. (£5.82m.) and there were overdrafts of £6.45m. (£5m.).

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims:— A. Arenson, J. W. Cameron, Elson and Robbins, Land and House Property.

Finals:— Alpine Soft Drinks, Atlantic Shipping, Chamberlain Phipps, Chloride, Dartmouth Investments, Dominion and General Trust, The Ex-Lands Company, Harrisons and Crosfield, Hill Samuel, Amos Hinton, Ingersoll Group, Johnson Matthey, Mellas, Mountview Estates, Ocean Wilsons, Scotcros, Travis and Arnold.

FUTURE DATES

Interims:—	
Grootvlei Proprietary Mines	June 17
Guinness (Arthur)	June 18
Marievale Consolidated Mines	June 13
Tace	July 11
Tollemache and Cobbold Brews.	June 18
Ward (T. W.)	June 13
Finals:—	
A.D. International	July 2
Alpine Holdings	June 17
Atkins Bros. (Hosiery)	June 16
Braithwaite (Engineers)	July 10
Bulmer (H.P.)	July 17
Charrington Gardner Locket	June 12
Doncaster (Daniel)	June 17
Ewer (George)	June 17
Hicking Pentecost	July 2
James (R. C.)	June 18
M.K. Electric	June 25
McNeill Group	June 12
Powell Duffryn	June 10
Prop. & Reversionary Inv. Corp.	June 18
Tesco Stores	June 15
U.K. Optical & Industrial	June 11
Vantona	June 12
West Cumberland Silk Mills	June 16

JOHN MOWLEM

John Mowlem and Company has been advised by its printers that, due to industrial action, production of the reports and accounts has been delayed and they will not now be posted until June 24.

It is necessary therefore to change the date of the AGM from July 1 to July 16 while the date of payment of the dividend will be changed from July 2 to July 17.

De Vere Hotels cautious

ALTHOUGH business is still expanding and turnover rising, prospects for De Vere Hotels and Restaurants are, to a very great extent, dependent on the progress towards finding solutions to the inflationary spiral, says Mr. Leopold Muller, chairman, in his annual statement.

He tells members the company has, in relation to its size, a "very substantial reserve to insure us against the economic hazards that may lie ahead and a strong financial base from which to expand when the time is most opportune."

The results of the past year reflect the unsettled conditions in the country and the inflationary forces that have eroded the "modest" margins on which the Company has traditionally worked, Mr. Muller says.

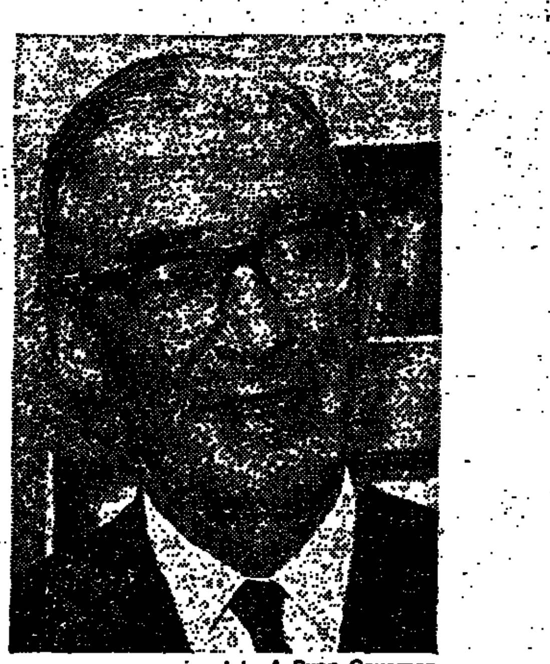
The company has, however, been able to maintain a high degree of liquidity and will not be subject to the strains being imposed on businesses highly geared.

The keynote in the past 12 months has been "consolidation," the chairman states. "We have no present capital commitments to extend any of our properties or to build new hotels but have, however, continued our policy of modernisation and refurbishment."

As reported on April 24 pre-tax profit declined from £861,823 to £697,429 in 1974. And the dividend total is up from 3.25p to 3.52325p net.

Meeting, Connaught Rooms, WC, on June 26 at noon.

Bank of Ireland Report and Accounts


John A. Ryan, Governor

Extracts from the Governor's Statement

During a year in which the western world fell into recession, international financial markets were subjected to severe strain and fundamental questions were raised for economic management, the Bank has performed well. The results by any conventional yardstick are outstanding.

In this period of exceptional stress the Bank has had a particular concern for the needs of its customers, and, through them, of the economy. It has been its policy as far as possible to sustain business and to avoid restricting credit to those under pressure. In pursuing this policy, however, the Bank cannot be unaffected by its customers' problems and you will see that the continued uncertainties of the present situation have led to the making of a prudent additional provision for bad and doubtful debts in the sum of £4,500,000. In the result the group profit before tax is £18,087,000 compared with £15,299,000 in the previous year.

The financial position of the Bank is strong and provides a sound basis for the expansion of its business and for the security of the interests of its customers. As a result of the issue during the year of £10.25 million Convertible Subordinated Unsecured Loan Stock, and the satisfactory operating performance of the Bank, capital and reserve ratios will be recognised as a source of strength by depositors, borrowers and the public alike.

You will see that total resources have grown from £1,082 million to £1,167 million. This growth comes from a continued increase in the Bank's share of Irish domestic resources offset as a matter of prudence by a contraction in the size of its London (City) Office operations having regard to conditions in the international financial markets which developed during the year.

That the Bank has achieved such results is a tribute to the skills of its management and all of its staff. I think, even more so than in any recent year, our staff have involved themselves in the task of strengthening the effectiveness of operations at all levels and have identified themselves fully with the policy of the Bank. Their wholehearted efforts during the year and the confidence which they have shown are, I believe, fully reflected in the results. I have spoken before of the importance of developing management. I would like again to refer to our hopes of being increasingly able to provide the best opportunities for individual development for all those who are, in fact, the Bank.

Inflation

But the Bank like other businesses and like every individual in the community is living in conditions of serious inflation and it is important for all those who are concerned with the Bank to be able to appreciate the real effects of inflation on its operations.

The professional accountancy bodies have been occupied with the problem of measuring results in inflationary conditions. The issue is not yet resolved, but provisionally they propose a method of calculation designed to indicate the real effect of declining money values on a business. The debate continues as to what methods should be finally recommended to reflect fairly in accounts the impact of inflation. Inflation itself, however, has accelerated so critically over the last year that the Bank has prepared a statement in accordance with the profession's provisional proposals. This appears on pages 26 and 27 [of the Report and Accounts booklet.]

Stockholders will know that the greater part of their equity is necessarily invested in monetary assets. It will be seen from the calculations contained in the statement that the effect of inflation, in depreciating the real value of capital employed in such monetary assets, is to reduce in current purchasing power the net profit before tax from £18,087,000 to £8,759,000. Taxation, however, takes no account of real profits but is assessed at 50% on the basis of traditional accounting. The actual figure for the group's taxation is £8,737,000 or 99.7% of the group profit expressed in current purchasing power. This indicates that the current purchasing power of the after tax profit attributable to Stockholders of the Bank is £147,000.

Dividend

The Directors believe that, so long as inflation continues, its burden should be borne equally by all those who have an interest in the Bank and that the Bank cannot discriminate against Stockholders by altering to their detriment their share in the success of the year's operations.

The Directors have therefore recommended a final dividend of 18p making a total of 24p for the year ended 31st March 1975, compared with 20p for the previous year.

Scrip Issue

The Directors think it appropriate, in view of the growth of the Bank since the last scrip issue two years ago, to recommend to Stockholders a further enlargement of the issued capital of the Bank and to this end to apply part of the reserves in the issuing of £1 of capital stock for every £2 of capital stock held on the 16th May 1975. The reserves of the Bank are adequate for this purpose and it is realistic in the present circumstances that they should, to this extent, be converted into stock.

Corporate and Overseas Division

The year under review saw further substantial development of the Corporate and Overseas Division, including the opening of three additional offices in Britain.

The London (City) Office, now open three years, has made a substantial contribution to the Bank's profits and very satisfactory progress is being made by the other offices in Britain. Resource growth continues buoyant but lending opportunities have been somewhat restricted by the general economic downturn in Britain.

The New York and Chicago Representative Offices are proving very successful and are working closely with those U.S. Corporations who have established, or are planning, subsidiaries or branches in Ireland.

The Frankfurt Office has, in addition to doing a like service in Germany, been active in strengthening our banking relationships in Europe and in servicing our European customers.

Bank of Ireland Finance Limited

The expansion of activities into the UK market took place as forecast and, in November, Bank of Ireland Finance (UK) Limited simultaneously opened its doors for business in Liverpool, Manchester, Birmingham, North and South London. Progress in the UK market is satisfactory to date and the complementary benefits of cooperation with the branch network of Bank of Ireland in the UK are already beginning to appear.

Continuing Responsibilities

As is evident the Bank cannot itself remedy inflation. Such remedy depends on action by Government supported by the whole of society and while inflation continues the Bank must work within its constraints.

Its first duty is to protect depositors while at the same time playing its part in making available within the economy the funds deposited. Depositors must have a certainty that their funds will always be safe and available for withdrawal. This safety is provided by the size of the Bank's capital and reserves, which must be large enough to absorb all possible losses in investment or loans, always and in all circumstances. In times of high inflation deposits grow rapidly; so do loans and liquid assets; so do risks. Thus capital and reserves must increase in line with deposits and this requires that the Bank earns sufficient to enable reserves to grow adequately. The availability of further subscribed capital depends also on the earning of adequate profits and on the maintenance of a dividend policy which is attractive to the investor. These needs are frequently misunderstood.

The second responsibility of the Bank is the servicing of borrowers. Within the advice of the Central Bank, Bank of Ireland seeks to make funds available on terms which are most appropriate in a constructive sense to each borrower's needs and at the most competitive rates. Such rates are historically high and are often seen as an impediment to borrowing. They are, however, significantly less than the rate of inflation; substantial reductions in rates elsewhere and in the U.S. particularly have not led to a revival of the demand for funds; and a reduction of rates in Ireland could be effected only at a cost to the depositors or at a loss of profit to the Bank, which in turn, as I have said, could prejudice the interests of depositors at some time in the future.

The Bank's aim must be to ensure its permanent solvency at the lowest cost to its customers, or, to put it another way, our continuing policy will be the development of our business so that it functions as effectively and as economically as possible, thereby benefitting stockholders, customers – both depositors and borrowers – and the public generally.

Extract from Report of the Directors for year ended 31st March 1975

Consolidated Profit and Loss Account for the year ended 31st March 1975

	£000	1974 £000
Operating Profit		
The Bank	19,835	12,522
Subsidiaries	2,752	2,777
	22,587	15,299
Additional Provision against Advances	4,500	—
Profit before Taxation	18,087	15,299
Taxation	8,737	7,385
Profit after Taxation	9,350	7,914
Minority Interests in Subsidiaries	310	239
Profit attributable to Stockholders of the Bank	9,040	7,675
Dividends		
Interim 6p less Income Tax	532	532
Proposed Final 18p less Income Tax	1,595	1,240
	2,127	1,772
Retained Profit transferred to Revenue Reserves	6,913	5,903
Earnings per £1 of Capital Stock		
Basic	66.3p	56.3p
Fully Diluted	61.0p	

Consolidated Balance Sheet at 31st March 1975

	£000	1974 £000		£000	1974 £000
Capital and Reserves			**Current Assets**		
Capital Stock	13,631	13,631	Liquid Assets	381,280	396,754
Capital Reserves	11,135	10,604	Investments	180,063	129,234
Revenue Reserves	46,857	40,832	Advances to Customers, other accounts and balances outstanding under hire purchase and other *instalment agreements*, less provisions	633,857	580,286
	71,623	65,067	Items in transit	43,975	28,789
Loan Stocks	18,650	8,400		1,239,175	1,135,063
Minority Interests in *Subsidiaries*	2,268	1,965	**Equipment in hands of Lessees**	8,698	7,327
Future Taxation	7,948	8,478	**Bank Premises, other Properties and Equipment**	31,641	31,786
Current Liabilities					
Notes in Circulation	4,232	4,202			
Deposit, Current and Other Accounts	1,167,683	1,082,852			
Current Taxation	5,517	1,972			
Proposed Final Dividend less Income Tax, payable 4th July, 1975	1,595	1,240			
	1,179,027	1,090,266			
	1,279,514	1,174,176		1,279,514	1,174,176

Bank of Ireland

MINING NEWS

Now Texasgulf eyes the coal scene

BY MALCOLM DUMPHREYS

AMERICA'S Texasgulf has emerged as part of a consortium bidding for **Peabody Coal**, the largest U.S. coal producer, which is being compulsorily divested by **Kennecott Copper** following an anti-trust ruling.

Our Montreal correspondent reports that Texasgulf's chairman, Dr. Charles Fogarty, has said his company, which is some 30 per cent. owned by the Canadian-Government - controlled **Canada Development Corporation**, "will get into coal one way or another because the outlook for demand and prices is bullish."

The chairman also said that active negotiations were still in progress with the Panama Government with regard to the development of the huge Cerro Colorado copper deposit which was discovered by **Canadian Javelin** which spent some $25m. on exploration there. It is estimated that some $800m. (£344m.) would be needed to develop the prospect.

Dr. Fogarty added that he expects to see a long-term improvement in copper prices and would like an increase in the North American producer price of the metal which is currently 63 cents per pound.

The higher producer price would help towards Texasgulf's $250m. (£105m.) expansion programme at the Kidd Creek mine in Ontario which includes a copper smelter, refinery and mine and mill projects. Commenting on the company's zinc stockpile which is now well over 20,000 tonnes, Dr. Fogarty said "we have found that if you keep your cool you eventually make profits from inventories."

GOLD PRODUCERS CUT DIVIDENDS

The latest batch of June half-yearly dividends from the South African gold producers underlines the fact that the lower-grade mines are feeling the pinch between *rising* costs and a virtually static bullion price. Thus **Durban Deep** is declaring an interim of only 20 cents (12.6p), compared with 60 cents at this time last year when the final amounted to 50 cents.

The veteran **East Rand Proprietary**, another favourite in last year's gold share boom, is paying an interim of only 25 cents (15.8p) against 75 cents a year ago and the subsequent final of 40 cents.

Market expectations that **Blyvoor** would declare a final of 60 cents for the current year to June 30, thus making a total of 110 cents, are lowered by a declaration of 50 cents (31.6p) which makes 100 cents (63.2p), a total comparing with 90 cents for 1973-74.

	June 1975 cents	Dec. 1974 cents	June 1974 cents	Dec. 1973 cents
Blyvooruitzicht	50	50	55	35
Durban Deep	20	50	60	50
E. Rand Prop.	25	40	75	65

ROUND-UP

An agreement has been reached between **Emperor Gold**, **MIM Holdings** and **Australian Anglo-American** for a mineral exploration venture on the Fiji Island of Viti Levu adjacent to the existing mine of the first-named company. MIM and AAA are both required to spend $A740,000 (£428,000) to each gain a 30 per cent. interest in the project which will be operated by AAA.

★

The Malaysian-incorporated **Berjuntai Tin** is declaring a second, and final, interim of 110 cents Malaysian (21p) which makes a total of 200 cents (38p) for the year to April 30 compared with 180 cents for 1973-74. Berjuntai's tin concentrate output for the year to last April totalled 4,315 tonnes against 4,930 *tonnes in the previous 12 months.*

★

The estimated cost of developing the rich Navan zinc-lead mine at County Meath in Ireland is now estimated by **Tara Exploration** to have risen to $150m., this calculation being based on a notional completion by the first quarter of 1977. The latest estimate compares with one of *$110m. made a year ago and* Tara still awaits the granting of the long-delayed mining lease from the Irish Government.

May tin outputs

IN VIEW of the current complications surrounding the shares of **London Tin** following the proposed deal between the Malaysian *Government's* **Pernas Securities** and **Haw Par Brothers International** which would give the latter company over 50 per cent. of London Tin, the May tin concentrate production figures are of more interest than usual.

Malayan's 241 tonnes is down on the 273 tonnes for the previous month and makes an 11-month total of 2,975 tonnes as against *3,328 tonnes for the comparable* period of the year to last June. **Southern Malayan's** 2,178 tonnes is also for 11 months and goes against 2,339 tonnes previously. **Southern Kinta's** two-month total of 363 tonnes is 100 tonnes down on the same period of a year ago.

	May Tonnes	Apr. Tonnes	Mar. Tonnes
Amal. of Nigeria	§215	*181	*184
Aokam	198	165	204
Berjuntai	334	351	341
Kampong Lanjut	27	18	24
Kamunting	79	77	84
Kramat	42	35	24
Kuala Kampar	53	58	57
Lower Perak	26	30	27
Malayan	241	273	286
Sthn. Kinta Cons.	158	205	156
Sthn. Malayan	162	191	204
Tongkah Harbour	60	38	39

* Four weeks. § Five weeks.

Tronoh's monthly output is the lowest since March, *1973*, and makes a five-month total of 1,090 tonnes which goes against 1,399 tonnes for the same period of 1974-75. **Ayer Hitam's** No. 3 dredge was shut down on May 16 to replace a top tumbler and recommenced operations on May 24. Even so, production for the 11 months to date comes out at 3,049 tonnes compared with 2,460 tonnes for the previous comparable period.

	May Tonnes	Apr. Tonnes	Mar. Tonnes
Ayer Hitam	241	212	315
Sungei Besi	184	196	194
Sungei Way	37	41	41
Tronoh	195	202	237

MINING BRIEFS

PAHANG CONSOLIDATED—May output of Bode Tin concentrates 155 tonnes, sold 142 tonnes. (April: 163 tonnes produced.)

GOLD AND BASE METAL—April: Output of concentrates (73 per cent. grade) figures in tonnes: Tin 30, Columbite 1. Four months to date: Tin 125, Colombite 2. (Same period 1974): Tin 156, Colombite 2.

Bank of Ireland's strong financial position

DURING THE year to March 31, 1975, when the Western world fell into recession, international financial markets were subjected to severe strain and fundamental questions were raised for economic management. The Bank of Ireland performed well, says the governor, Mr. J. A. Ryan.

As known group pre-tax profit expanded from £15.3m. to £22.59m., the dividend is raised from 20p to 24p gross per £ share and a 50 per cent. scrip issue is proposed. The results, by any conventional standard, "are outstanding," says Mr. Ryan.

He reports that the financial position is strong and provides a sound basis for the expansion of business and for the security of the interests of customers.

As a result of the issue of £10.25m. convertible subordinated unsecured loan stock and the satisfactory operating performance, capital and reserve ratios "will be recognised as a source of strength by depositors, borrowers and the public alike."

Total resources have grown from £1.08bn. to £1.17bn. This comes from a continued increase in the bank's share of Irish domestic resources offset as a matter of prudence by a contraction in the size of its London (City) office operations having regard to conditions in the international financial markets which developed during the year.

Referring to inflation accounts, the governor points out that the effect of inflation, in depreciating the real value of capital employed in the monetary assets, is to reduce in current purchasing power the net profit before tax but after £4.3m. additional provisions against advances from £18m. to £8.76m. Earnings (66.3p historical) are shown at 1.1p CPP. *At March 31, 1975, capital holders* interest was £71.62m. (£65.07m.) historical, or £74.14m. (£83.28m.) CPP. The CPP figure includes £6.65m. added to restate bank premises and other properties. Retained profit of £6.91m. historical becomes a deficit of £2.02m. CPP.

Mr. Ryan stresses that the bank cannot itself remedy inflation. Such remedy depends on action by Government supported by the whole of society and while inflation continues the bank must work within its constraints.

Its aim must be to ensure its permanent solvency at the lowest cost to its customers, or, to put it another way, "our continuing policy will be the development of our business so that *it* functions as effectively and as economically as possible, thereby benefiting stockholders, customers —both depositors and borrowers —and the public generally."

Meeting, Dublin, July 2, noon.

See Lex

LAND SECURITIES

Land Securities Investment trust has allotted 100,000 Ordinary shares, credited fully paid and ranking pari passu with the existing Ordinary, in consideration for the acquisition of the outstanding minority interests in investment property within the group's portfolio.

Chapman (Balham) upsurge

PRE-TAX *PROFIT* of envelope manufacturers, **Chapman & Co. (Balham)**, expanded from £0.74m. to £1.2m. in the year to March 31, 1975, after a first half increase from £0.3m. to £0.52m.

The net dividend is stepped up from *3.32402p* to 3.609p with a final of 2.224p.

	1974-75 £000	1973-74 £000
Profit before tax	1,200	736
Taxation	635	305
Net profit	565	431
Tax equalisation	176	47
Unappropriated	502	385

British Car Auction

The British Car Auction Group announces that in accordance with the provisions of the Finance Act 1972, its 5 per cent. cumulative preference shares have become re-classed as 3.5 per cent. (plus tax credit) cumulative *preference shares.*

The company also says that from April 6, when the tax rate changed to 33 per cent., it would appear the company should have paid a dividend of 3.5 per cent. irrespective of the rate of tax, and as a result shareholders have received 0.15p per share too little for the year.

To correct this situation a *further payment* should be made within the next few days, it adds.

W. Williams looks abroad

Instead of carrying out any mapor capital developments during 1975, **W. Williams and Sons (Holdings)** will rather seek out overseas markets that can utilise its existing plant and skills, according to Mr. H. H. Williams, chairman.

He tells members in his annual statement that, while the company is aware of the world-wide cut-back in industrial products, there seems to be hope of a quicker *revival in foreign* markets than the U.K. and the reecnt variation in exchange rates should make it more competitive.

To meet the greatly reduced demand the two foundry companies have "drastically" cut the labour force by natural wastage and redundancy, but even so, further short-time working is not ruled out, and other companies which supply services to the steel companies anticiapte reduced requirements from that source, the chairman says.

In all group companies, costs are constantly under review, in line with the changing patterns of demand, and action taken to maintain margins, and while some "hard and unpleasant" decisions will result, he fells it essential that the company establishes a sound base, ready for the time when demand improves.

As reported on May 6 pre-tax profit was a record £312,944 for 1974, against £278,186 the previous period. Dividend is up from 1.50125p to 1.55p net.

At the end of the year the overdraft showed an increase of some £300,000 but Mr. Williams reports that since then steps have been etaken to reduce this considerably by the movement of stocks and other economies. There was an outflow of net liquid *funds of £286,445 (£207,427) in the* year.

Meeting, Cardiff on July 7 at 2.30 p.m.

Brixton Estate growing overseas

At £20m., **Brixton Estate's** overseas development programme now represents 56 per cent. of its total programme, says chairman Mr. M. J. Verey. New schemes continue to be investigated particularly in Europe.

On property legislation the chairman points out that although the Community Land Bill has been recently published the Development Land Tax Bill is still awaited: and until all the legislation has been enacted, it is difficult to assess with any great accuracy the effect on the Company.

"If as a nation we are to compete with other countries it is vital that new factories and warehouses are available to industry as and when they are required. It is to be hoped that these proposals will be completely rethought and that wiser counsel will prevail.

"In any event, Brixton is fortunate in that its overseas development programme has grown over recent years."

As reported, group net taxed profit for 1974 was £597,000 *(£908,000). The dividend* is raised from 1.65p to 1.7835p net, and a Golden Jubilee scrip issue of one-for-eight is also proposed. Maintenance of the present dividend rate on the higher capital is forecast.

Following the end of the rent freeze the current year results will benefit accordingly, says the chairman.

The directors consider an independent revaluation of properties would not be appropriate at present but an internal review of values has been carried out based on existing market conditions by the property director.

Arising from this the Board is satisfied that at both December 31, 1974 and at present the aggregate current value of group properties exceeds book value. It is, however, intended that at December 31, 1975 the situation should be further reviewed in conjunction with group valuers

Meeting 22-24 Ely Place, E.C., July 2 at 12.15 p.m.

COMPANY NEWS IN BRIEF

BARADOORA TEA HOLDINGS—No dividend for 1974 on Ordinary and Preference shares. Turnover £741,680 (£385,331), pre-tax profit £75,477 (£39,253), tax £357 (nil), leaving £75,123 (£39,253). Earnings per 25p share 10.43p (5.45p).

BELLAIR COSMETICS—Second interim 0.4875p for 12 months making 0.99p so far (total 1.8125p for 1973). Current financial year to be extended to June 30, 1975, making 15-month period. Turnover for 1974 £1,812,018 (£1,096,665). Pre-tax profit £106,447 (£96,109). Tax £55,350 (£50,500), leaving £51,099 (£47,609). Profits have continued to improve but results are somewhat disappointing due to substantial increases in materials and other costs.

CLIFFORD AND SNELL (electrical and electronic engineers)—Interim dividend 0.14p net per share (same). Group net profit six months to September 30, 1974, £8,268 (£22,759) after tax of £16,809 (£27,500). Interim dividend £6,450 (same).

FEDERATED CHEMICALS—Results for 1974, reported May 30 with observations on prospects. Group fixed assets £9.5m. and net current assets £2.89m. Meeting, Connaught Rooms, W.C., July 3, at noon.

GLOUCESTER AND CHELTENHAM GREYHOUNDS—Interim 0.195p per 5p share (0.21p) hoped to pay a maximum permissible final. Total 1973-74 was 0.7125p. Turnover half-year to March 31, 1975, £66,579 (£59,222). Profit £10,500 (£4,656), less tax £4,300 (£1,950). Earnings per share 0.66p (0.3p). Trend in increase in turnover expected to continue although operating costs continue to rise. Although Retroflame (in which company has an interest) is still in its first trading year, its order book is filling and worldwide interest in its products is most encouraging, directors state.

HOUSE OF LEROSE (ladies knitted outerwear makers)—Results, year ended January 17, 1975, reported April 4. Group fixed assets £2.29m. (£2.21m.). Group net current assets £1.53m. (£1.18m.). A geographical analysis of exports (in percentages) shows: Europe 60.3; North America 15.1; Scandinavia 15.2; and others 9.4. Meeting, 25, Old Burlington Street, W., on June 27, at noon.

VIEW FORTH INVESTMENT TRUST—Final dividend 0.9p net, making 1.37p (0.9p) for year to March 31, 1975. Total revenue £137,357 (£79,194). Profit £60,453 (£35,874) after all charges including tax of £41,621 (£22,297). Earnings per share 2.005p (1.19p). Net asset value 41.1p (41.8p).

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BIDS AND DEALS

Wilkinson Match selling Eddy furniture side

Wilkinson Match, in a move to divest itself of the unprofitable and unrelated activities of its Eddy Match subsidiary, has reached agreement in principle with Warrington Products, a Canadian concern, to accept a $7.5m. (£3.02m.) offer for Eddy Match by Warrington.

Wilkinson's subsidiaries, Bryant and May (Holdings) and Canadian Splint and Lumber Corporation, own 198,940 of the total 300,953 shares in Eddy. The offer price is $25 a share and proceeds for Wilkinson will be some $5m. (£2m.).

Under the agreement with Warrington, only the metal products activities of Eddy, specifically office furniture, will be taken over by Warrington, with Wilkinson retaining full control of Eddy's match operations in Canada.

Warrington will make a tender offer for the Eddy shares, the timing of which will be dependent upon obtaining necessary regulatory approvals and conclusion of a formal agreement between Warrington and Wilkinson.

Mr. Christopher Lewinton, Wilkinson's group managing director, commented that the deal "in in line with Wilkinson Match's policy of concentration of its activities."

Wilkinson's share closed 4p down at 146p yesterday.

DRAKE & CUBITT SHARE DEAL NOT COMPLETED

Completion of the acquisition by Mr. B. Knox and Kelmac Mercantile of a 15.78 per cent. interest (2,194,650 shares) in Drake and Cubitt from certain Belgian shareholders, due to take place on June 5, has not been effected.

HERON ACQUIRES SUZUKI (G.B.)

Heron Corporation has acquired for an undisclosed sum the share capital of Suzuki (G.B.), which is the sole concessionaire for Suzuki motor-cycles and outboard motors, Lambretta motor-scooters and Demm mopeds in the U.K. In 1975, Suzuki (G.B.) hopes to obtain a turnover in excess of £11m.

HEPWORTH BUYS

Certain assets of A. C. Morrison (Engineers) and M.I.E. (Power) have been purchased by Hepworth Industries, a division of Hepworth Ceramic Holdings. Hepworth Industries, via a newly-formed subsidiary, will carry on the business formerly undertaken by the two purchased companies in supplying a complete range of generating sets.

Property deal by Allied Retailers

Allied Retailers is to acquire from Greaves Orgn. the head leasehold of a property at Warley for £550,000.

The major part of the property comprises a 94,450 sq. ft. warehouse currently occupied by allied, at a rent of £58,620 per annum, the remainder being three smaller warehouses at present let to produce a total rental of £9,910. Greaves will utilise the sale proceeds in reduction of its borrowings.

The property has been professionally valued at £550,000 as between a willing buyer and a willing seller taking into account Allied's interest as a tenant. As between a willing buyer and a willing seller with vacant possession of the accommodation occupied by Allied after extinguishment of Allied's current occupational lease, it had been valued at £725,000.

West Midland Industrial Finance and Development Co., controlled by Messrs. H. Plotnek and E. I. Wheatley, has made an advance to Greaves of £300,000, secured by a charge on the property. If the transaction is approved by shareholders W.M. will extend mortgage facilities to Allied of the same amount for five years.

DOWDING & MILLS BID LAPSED

The offer by General Electric Company of the U.S. for Dowding and Mills has been accepted in respect of 791,321 shares—5.73 per cent. of the 13.8m. issued Ordinary. The offer has now lapsed.

NTHN. COMMERCIAL

The offers made on behalf of Algemene Bank Nederland for Northern Commercial Trust have been accepted in respect of 13,562,957 of the "A" and "B" Ordinary shares resulting from the reorganisation of capital (94.3 per cent.) and 902,500 of the partly paid "C" Ordinary resulting from such reorganisation (99.7 per cent.).

They are now unconditional subject only to approval by NCT holders and the subsequent allotment of shares, and to completion of the banking agreement between NCT and Knowsley and Co. referred to in the offer document.

The offers remain open. ABN intends, if necessary and subject to the offers becoming unconditional in all respects, to acquire compulsorily any outstanding shares.

STONE—PLATT IN FRANCE

Stone Platt Pumps, the pump division of Stone-Platt Industries, has acquired 80 per cent. of the equity of French valve manufacturers Vannes Lefebvre, of Lille, with net assets at September 30, 1974, of Frs.3.53m. (£377,000). Vannes Lefebvre has for many years manufactured valves for the water industry and certain of the process industries in France and neighbouring countries. Stone Platt will develop a market potential for these products through its existing organisation.

HEENAN SPARK —YORKGREEN

Full details of the agreements with David Innes and Thomas Buffett on the termination of their executive offices with Heenan Spark will be circulated to shareholders for approval as soon as possible, it is stated. The settlement terms include the transfer to Mr. Innes and Mr. Buffett of part of Heenan Spark's shareholding in Yorkgreen Investment Trust which will leave them with 27 per cent. of the shares of Yorkgreen and options on a further 10 per cent. which it is not their present intention to exercise.

CUSSONS RESULT

In response to the increased and recommended offers made on behalf of Paterson Zochonis for Cussons Group by June 6, acceptances had been received as follows: Ordinary (fully-paid) 5,208,425 (92.48 per cent.), "A" Ordinary (fully-paid) 4,956,582 (88.01 per cent.), Ordinary (partly-paid) 52,400 (95.88 per cent.), and "A" (partly-paid) 52,400 (95.88 per cent.).

Shares in Cussons in respect of which the cash offer has been accepted totalled 3,153,902, 3,323,367, 24,400, and 40,650 respectively.

The offers for the capital have become unconditional and remain open—the cash offer closed on June 6. PZ will in due course acquire compulsorily any outstanding shares.

Counter bid confirmed by Thorn

Thorn Electrical Industries, having already said that it plans to make a counterbid for Sheffield Twist Drills and Steel Company if the present £10.46m. bid for Sheffield Twist is cleared by the Government, yesterday confirmed that its counterbid would be in cash and in excess of the SKF bid of 77½p a share.

The SKF offer for Sheffield Twist is agreed, but Thorn, which has an interest in the cutting tools industry through its Clarkson Internaional Tools subsidiary, has said it plans a counterbid to stop anotehr part of the steel cutting tools industry passing into foreign ownership.

Any Thorn offer would be subject to there being no reference to the Monopolies Commission.

CONS. COMMERCIAL

The Board of Rubislaw Investment Trust has declared its offer for the Ordinary capital of Consolidated Commercial unconditional as to acceptances. As at 10 a.m. on June 9 valid acceptances had been received in respect of 2,312,520 (55.65 per cent.).

HALYCON

The offer on behalf of Richardson Smith for the Ordinary capital of Halcyon Investments has been accepted in respect of 4,444,137 shares representing 86.86 per cent. of the isued Ordinary. The offer is now unconditional. The separate cash offer has closed and will not be extended.

CONS COMMERCIAL

A month ago Simon and Coates sold 621,000 shares in Consolidated Commercial Company at 39⅞ per share on behalf of an associate of Consolidated.

The Take Over code requires that the vendor's name be disclosed, and S and C therefore confirms that the vendor is the Bank of Scotland.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on June 9, 1975. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n/c) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate); (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk.) bankers' rate; (Bas.) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not all in cases closing rates on the dates shown

Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	391.0(sg)
Afghanistan	Afghani	156 (A)
Albania	Lek	(O) 10.10 (A) / (T) 25-25 (A)
Algeria	Dinar	(A) 8.1828
Andorra	French Franc	9.29¾
	Spanish peseta	129.50
Angola	Ang. Escudo	56.40
Antigua (S)	E. Caribbean	4.80
Argentina	Ar. Peso	(com) n.a. / (fn) n.a.
Australia (S)	Australian $	1.7261
Austria	Schilling	38.99
Azores	Portug. Escudo	56.40
Bahamas (S)	Ba. Dollar	2.3264
Bangladesh (S)	Taka	29.55(sg)
Bahrein (S)	Dinar	0.916½
Balearic Is.	Spa. Peseta	129.50
Barbados (S)	Barbados $	4.66
Belgium	B. Franc	(cm) 81.10 / (fn) 84.00
Belize	B$	4.8
Bermuda (S)	Bda. $	2.3180
Bhutan	Indian Rupee	18.754(sg)
Bolivia	Bolivian Peso	46.56
Botswana (S)	S. A. Rand	1.5765485
Brazil	Cruzeiro	18.42
Br. Solomon Is. (S)	Australian $	1.7261
Br. Virgin Is. (S)	U.S. $	2.3180
Brunei (S)	Brunei $	5.265
Bulgaria	Lev	(O) 2.24 / (T) 2.77
Burma	Kyat	(A) 14.54½
Burundi	Burundi Franc	182.88
Cambodia	Riel	n.a.
Cameroun Rp	C.F.A. Franc	464⅞
Canada	Canadian $	2.3795
Canary Is.	Spanish Peseta	129.50
Cape Verde Is	Cape V Escudo	56.40
Cayman Is. (S)	Cay. I. $	1.9552
Cent. Af. Rp.	C.F.A. Franc	464⅞
Chad	C.F.A. Franc	464⅞
Chile	C. Escudo	(Bk) 8,963 / (T) 11,121
China	Renminbi Yuan	4.1861
Colombia	C. Peso	(F) 68.46
Comoro Is	C.F.A. Franc	464⅞
Congo (B'ville)	C.F.A. Franc	464⅞
Costa Rica	Colon	19.8548
Cuba	Cuban Peso	1.9254
Cyprus (S)	Cyprus £	0.822051
Czechoslov'kia	Koruna	(com) 12.75 / (n/c) 12.85 / (T) 22.22
Dahomey	C.F.A. Franc	464⅞
Denmark	Danish Krone	12.63
Dominica (S)	E. Caribbean $	4.80
Domin. Rep.	Dominican Peso	2.3180
Ecuador	Sucre	(O) 57.98 / (P) 57.96
Egypt	Egyptian £	(O) 0.9040125 / (T) 1.45178
Ethiopia	Ethiopian $	(P) 4.8038
Eq'l Guinea	Peseta	129.50
Falkland Is. (S)	Falkland Is. £	1.0
Faro Is.	Danish Krone	12.65
Fiji Is. (S)	Fiji $	1.8548
Finland	Markka	8.17½
France	French Franc	9.29¾
Fr. C'ty in Afr	C.F.A. Franc	464⅞
Fr. Guiana	Local Franc	9.29¾
Fr. Pac. Is.	C.F.P. Franc	169.04
Gabon	C.F.A. Franc	464⅞
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	6(A)

Place and Local Units		Value of £ Sterling
Germany West	Deutschemark	5.44½
Ghana (S)	Cedi	2.68
Gibraltar (K)	Gibraltar £	1.00
Gilbert & Ellice Is. (S)	Aust. Dollar	1.7261
Greece	Drachma	69.585
Greenland	Danish Kroner	12.65
Grenada (S)	E. Caribbean $	4.80
Guadaloupe	Local Franc	9.29¾
Guam	U.S. $	2.3180
Guatemala	Quetzal	2.3180
Guinea Rep	Sily	n.a.
Guinea Bissau	♥♥	♥♥
Guyana (S)	Guyanese $	5.91
Haiti	Gourde	11.59
Honduras Rep	Lempira	4.65
Hong Kong (S)	H.K. $	11.48
Hungary	Forint	(com) 112.77 / (non T) 49.07
Iceland (S)	I. Krona	348.80
India (S)	Ind. Rupee	18.764(sg)
Indonesia	Rupiah	961.97
Iran	Rial	(A) 154.4
Iraq	Iraq Dinar	0.6888
Irish Rep K	Irish £	1.00
Israel	Israel £	14.1986
Italy	Lira	1.448½
Ivory Coast	C.F.A. Franc	464⅞
Jamaica S	Jamaica Dollar	2.1088
Japan	Yen	677
Jordan S	Jdn. Dinar	0.708(sg)
Kenya (S)	Ken. Shilling	16.5795
Korea (Nth)	Won	n.a. (g)
Korea (Sth)	Won	1,158.55
Kuwait (S)	Kuwait Dinar	0.658
Laos	Kip	n.a.
Lebanon	Lebanese £	5.09
Lesotho	S. African Rand	1.5765485
Liberia	Liberian $	2.3180
Libya	Libyan Dinar	(P) 0.6885
Liecht'nstn	Swiss Franc	5.89¾
Luxembourg	Lux Franc	81.10
Macao	Pataca	12.7525
Madeira	Portug'se escudo	56.40
Malagasy Rp.	MG Franc	464⅞
Malawi (S)	Kwacha	1.9555
Malaysia (S)	Malaysian $	5.2875
Maldive Is. (S)	Mal Rupee	n.a.
Mali Rp.	Mali Franc	929¾
Malta (S)	Maltese £	0.8508
Martinique	Local Franc	9.29¾
Mauritania	Ouguiya	◆
Mauritius (S)	M. Rupee	15.38
Mexico	Mexican Peso	28.94
Miquelon	C.F.A. Franc	464⅞
Monaco	French Franc	9.29¾
Mongolia	Tugrik	(O) n.a. (g) / (T) n.a.
Montserrat	E Caribbean	4.80
Morocco	Dirham	9.91(sg)
Mozambique	Moz. Escudo	56.40
Nauru Is.	Aust. Dollar	1.7261
Nepal	Nepalese Rupee	24.40
Netherland	Guilder	5.68
Neth. Ant'les	Antillian Guild	4.1492
New Hebrides	Franc	150.26
	Aust. Dollar	1.7281
N. Zealand (S)	N.Z. Dollar	1.7553
Nicaragua	Cordoba	16.28
Niger Rp	C.F.A. Franc	464⅞
Nigeria (S)	Naira	1.4556 (sg)
Norway	Norg Krone	11.88¼
Oman Sultanate of (S)	Rial Omani	0.808
Pakistan (S)	Pkst. Rupee	22.85(sg)
Panama	Balboa	2.3180
Panama Canal Zone	U.S. $	2.3180
Papua N.G. (S)	Aust. Dollar	1.7281

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	289.15
P'ple's D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.75
Peru	Sol	ex/c 99.70 / (A) 109.68
Philippines	Ph. Peso	16.32
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.7553
Poland	Zloty	(Bas.) 47 / (T) 78.70
Portugal	Pgse Escudo	56.40
Port Timor	Timor Escudo	56.40
Principe Isle.	♥♥	♥♥
Puerto Rico	U.S. $	2.3180
Qatar (S)	Qatar Ryal	8.92
Reunion, Ile de la	C.F.A. Franc	464⅞
Rhodesia	Pound ●●	n.a.
Romania	Leu	(cm) 11.85 / (n/c) 29.88
Rwanda	Rwanda Franc	214.88
St. Christopher (S)	E. Caribbean $	4.80
St. Helena (S)	£ Sterling	—
St. Lucia (S)	E. Caribbean $	4.80
St. Pierre	C.F.A. Franc	464⅞
St. Vincent (S)	E. Caribbean $	4.80
Salvador El	Colon	5.80
Samoa (Am)	U.S. $	2.3180
San Marino	Italian Lira	1.448½
Sao Tome	♥♥	♥♥
Saudi Arabia	Ryal	7.97½
Senegal	C.F.A. Franc	464⅞
Seychelles	S. Rupee	15.55
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	5.265
Somali Rep.	Som Shilling	(A) 16.76 (sg)
Sth. Africa (S)	Rand	1.5765485
S. W. Africa Territories (S)	S. A. Rand	1.5765485
Spain	Peseta	129.50
Span. Ports in North Africa	Peseta	129.50
Sri Lanka (S)	S. L. Rupee	15.5888 (sg)◆◆
Sudan Rp.	Sudan £	(A) 0.87 (sg)
Surinam	S. Guilder	4.1492
Swaziland (S)	Lilangeni	1.5765485
Sweden	S. Krona	9.11
Switzerland	Swiss Franc	5.89¾
Syria	Syria £	(A) 8.57 (sg)
Taiwan	New Taiwan $	(P) 88.084
Tanzania (S)	Tan. Shilling	16.57½
Thailand	Baht	47.1225
Togo Rp.	C.F.A. Franc	464⅞
Tonga Is. (S)	Pa'anga	1.5765
Trinidad (S)	Trin. & Tobago	4.80
Tunisia	Tunisian Dinar	0.980 (sg)
Turkey	Turkish Lira	33.0008
Turks & Cs.	U.S. $	2.3180
Uganda (S)	Ug. Shilling	16.5849
Utd. States	U.S. Dollar	2.3180
Uruguay	Uruguay Peso	(cm) 5.585 / (fn) 5.868
Un'd A'b Emirs	U.A.E. Dirham	9.16½
U.S.S.R.	Rouble	1.62
Upper Volta	C.F.A. Franc	464⅞
Vatican	Italian Lira	1.448½
Venezuela	Bolivar	9.92 (x)
Vietnam (Nth)	Dong	(O) n.a. (g) / (T) n.a. (g)
Vietnam (Sth)	Piastre	n.a.
Virgin Is. U.S.	U.S. Dollar	2.3180
Western Samoa (S)	Samoan Tala	1.5852
Yemen	Ryal	10.20 (sg)
Yugoslavia	New Y Dinar	38.6511
Zaire Rp.	Zaire	1.1605
Zambia (S)	Kwacha	1.4914

◆ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

◆◆ Rupees per pound. Tourists visiting Shri Lanka receive a premium of 65 per cent.

●● A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent regime on February 17, 1970. Recent reports suggest a rate of about 1.24 Rh. dollars to £1.

◆ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.

(x) General rates oil and iron exports 9.74.

(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles, the North Vietnam dong at 0.306 roubles, and the North Korean won at 0.7495 roubles. With the pound standing at 1.62 roubles, the following relationships could be calculated for the pound: £1=7.20 tugriks: £1=5.29 dongs: £1=2.26 won.

♥♥ Information not available for this edition.

● Rate is the Transfer market (controlled).

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Middle East success boosts Daimler-Benz

BY NICHOLAS COLCHESTER

BONN, June 9.

DAIMLER-BENZ has virtually doubled its lorry contract with Iraq and will now deliver about 19,000 vehicles to that country by the end of this year. This was only part of the export news from sales director Heinz Hoppe at last week's balance sheet Press conference. Daimler-Benz will deliver 50,000 trucks to Middle Eastern countries in 1975, worth DM2bn. and equivalent to 40 per cent. of the lorry output of the company's German factories last year.

Such success in a key market is one of the main reasons why Daimler-Benz will be able to increase its turnover by between 10 and 15 per cent. to DM19bn. this year, despite an overall turndown in the world economy. Dr. Joachim Zahn, chairman, said that he could already judge from the structure of the company's deliveries that profit would not be down on that of 1974. In the first four months the group's turnover rose by 15.6 per cent. to DM5.5bn., with an 11 per cent. rise in home turnover and a 20 per cent. rise in sales overseas.

Last year Daimler-Benz AG, the parent company, achieved a profit of DM269m. against DM277m. in the previous year. That after tax earnings could be so sustained, in a year that was very painful for the German motor industry as a whole, was due to generous interest earnings and to Daimler-Benz's ability to increase turnover and production in both cash and volume terms.

Production

While the whole German car industry produced 22 per cent. fewer cars in 1974 than in 1973, Daimler-Benz increased its production by 2.5 per cent. While the German commercial vehicle industry reduced its unit output by 13 per cent., Daimler-Benz's total production fell by only 4.9 per cent. The latter fall was due solely to a cut in the production of vans: the production of lorries, with their greater unit value, was up, and so, in consequence, was turnover in this business.

The Daimler-Benz group's turnover rose by 9.8 per cent. to DM16.9bn. Of this the German-based companies accounted for DM14.2bn. and for the first time the whole group sold more overseas than it did at home, with overseas turnover of DM9.4bn. of which DM7.2bn. was exported. While the parent company's turnover was up by 8.9 per cent., overall costs were up by 12 per cent., partly because of a 20 per cent. increase in labour cost per hour. As a result the company's operating profit in West Germany deteriorated. Dr. Zahn explained that the squeeze on profits would have been still greater had it not been for the lorry plants working at above 100 per cent. capacity to meet the booming export demand.

The Middle Eastern demand for Mercedes lorries came at exactly the right moment to compensate for the fall off in domestic demand. In 1973, Daimler-Benz sold some 20,000 lorries in the Middle East and Iran. The number rose to 30,000 in 1974 and will jump to 50,000 this year. Turnover with Iran alone in 1975 will be around DM1bn. The Sales Director explained that American competition in these markets was becoming ever stronger. He thought that Daimler-Benz's success, despite its cost disadvantage, was due to the technical appeal of Mercedes lorries, given the Mercedes service commitment, and due in part to strikes at British Leyland. He claimed that Daimler-Benz was used to working at approximately one-half of the profit margin of the American opposition.

It is part of the Daimler-Benz success formula never to get over-committed to one market. So the management was at pains last week to explain that it was already looking beyond the Middle East for future truck customers, because it regarded the boom in Middle Eastern orders as a temporary phenomenon. The Middle East and North Africa took 11 per cent. of Daimler-Benz's total exports in 1973, 19 per cent. in 1974, and will take even more than that share in 1975. As a result Herr Hoppe is looking hard to the Comecon countries for lorry orders, and a 1,000-lorry deal with Bulgaria has just been concluded. The company has also sold lorries to China and expects to do much more business there.

Daimler-Benz's car output rose 2.5 per cent. to 340,000 cars in 1974. Its car exports rose by 12.6 per cent. to 172,000 units, while the whole industry's exports fell by over 20 per cent. Daimler-Benz was able to hold domestic registrations at almost the 1973 level with 170,000 cars in 1974. This sales stability, and the growth in demand abroad, was due to the introduction, at the end of 1972, of the Mercedes S-class saloons. The demand for these cars in 1973 had been so great that despite a 35 per cent. increase in production in that year a useful backlog of orders was left unfilled at the beginning of the difficult year of 1974.

Dr. Zahn said that Daimler-Benz was reckoning on a steady growth of demand for West German motor cars of between 2 to 3 per cent. a year into the 1980's. Asked what his plans for the U.S. market were, Dr. Zahn said that sales there would be limited to 40,000 cars—the volume that the existing Daimler-Benz organisation in the U.S. is equipped to handle. He made it clear that the DM-dollar parity was making life difficult for Daimler-Benz in the U.S., and suggested that there would soon be an upward correction in the dollar's Deutsche-mark value. He described the company's experience in the U.K. last year as a "total bomb" with stock problems and an operating loss.

Daimler-Benz now has a backlog of orders for approximately one quarter of a million cars which will last it until September or October at full production. The order book for commercial vehicles is up by 15 per cent. on the level at this time last year and is already sufficient to ensure full production until the end of the year. Group turnover in 1975 will be approximately DM.19bn. and that of the home companies DM.16bn. Investment in West Germany will be DM.780m. compared with DM.705m. in 1974, and another DM.200m. will be invested by overseas subsidiaries.

REGISTRATIONS FOR FIRST FOUR MONTHS

	1973	1974	1975
Cars in Germany	60,157	61,190	65,842
Cars Exported	52,844	59,525	50,561
Commercial Vehicles in Germany	27,640	18,170	16,962
Commercial Vehicles Exported	31,052	36,589	38,556
Commercial Vehicles produced abroad	12,335	12,745	15,730

Dividend fears at Solvay

By David Curry

BRUSSELS, June 9.

DESPITE "signs of recovery in some sectors" shareholders in the Belgian Solvay chemical group have been told that the 1975 dividend could be reduced. This follows a steady advance in the dividend over the past five years to B.Frs.185 a share for 1975, following a "satisfactory but very uneven" 1974 performance.

Jacques Solvay, chairman, told yesterday's shareholders meeting that sales of soda-ash, one of the group's mainstays, were down in volume but ahead in value over the early months of this year; he envisaged possible shortages, too, developing in the market for caustic soda in the short term.

M. Solvay forecast a continued recovery in sales of pvc, but polyethylene sales were reviving more slowly than had been hoped and prices were still on the downward trend.

Industrial salts and peroxygen chemicals remained depressed by the general economic climate.

Speculating on the longer-term demand for Solvay products M. Solvay noted a slowing down in the growth of demand for chlorine. Demand for soda-ash was likely to remain buoyant, even if applications for the product changed. The company was being prevented from expanding significantly its inland soda-ash plants because of restrictions on the discharge of salt effluent into the Rhine, while the heavy cost of providing for discharge into the sea could be faced without State aid and higher prices.

M. Solvay picked out the expansion of the company in the plastics field as of particular importance—notably the purchase of the high-density polyethelene business of celanese in the U.S. and the decision to build a polypropylene plant in France. He noted substantial progress in a number of research projects, including the development of a fibrous type of high-density polyethylene semi-colin. This tackles the problems of vinyl chloride toxicity in the field of pvc.

In 1974, Solvay consolidated turnover was B.Frs.78.4bn., representing a 23 per cent. increase. Cash flow improved by 24 per cent. to B.Frs.11.7bn. and the net consolidated profit was 17 per cent. ahead at B.Frs.3bn., after eliminating stock profit.

Karstadt still growing after higher profits in 1974

BY GUY HAWTIN

FRANKFURT, June 9.

KARSTADT, the leading West German store group, has reported an increase in net profits of nearly 13 per cent. for 1974. Net earnings rose from 1973's DM112m. to DM126.5m. last year.

Distributed profits, however, should remain the same as the year before with the management recommending an unchanged dividend of 20 per cent., or DM10 per DM50 nominal share. This means the group's dividend has remained unchanged for six years despite substantial fluctuations in earnings.

It was also announced that the management will ask the July 3 annual meeting to authorise an increase in capital, raising the DM300m. nominal equity base to a nominal DM360m.

Beyond the bare outlines no details of this operation have as yet been released. But it is understood that it will necessitate the conversion of Preference shares worth a nominal DM75m. to Ordinary shares. The high and low for the Ordinary shares this year have been DM465 and DM 364 per share. At the end of last week they were being traded at around DM448.

According to the executive Board, group turnover was up 11.6 per cent. from DM6.39bn. the previous year to DM7.12bn., including value added tax. Turnover per employee went up from DM110,500 in 1973 to DM123,300 last year, while sales space was increased by 4.4 per cent. to 88,886 square metres. Turnover per square metre rose from DM8.1 to DM8.27.

Growth, however, was marred by heavy increases in consumer prices. When the effects of increased sales space are discounted, the turnover rise was almost entirely a result of rising prices rather than higher volume. Despite this the group claims that it held its price increases to an average of 6.3 per cent., against the national average for the year of 7 per cent.

The group's department store operation increased its turnover by 10.1 per cent. to DM6.15bn. The concern owns some 92 department stores in the Federal Republic and West Berlin. The 100 per cent. owned subsidiary, Kepa Kaufhaus, reported a sales increase of 21.5 per cent. bringing turnover to DM973m. This "extraordinary" growth, however, was the result of a transfer of seven Karstadt self-service stores to the subsidiary.

On a yearly average basis, the number of full-time employees fell by 0.8 per cent. to 61,645. But personnel costs over the year rose from 1973's DM1.17bn. to close on DM1.4bn.

In the first quarter of the current business year, however, turnover grew by 12.7 per cent. compared with the same period of the previous year to DM1.72bn. including value added tax. The department store operation sales reached DM1.47bn., while the Kepa operation reported a DM247.6m. turnover.

Sales space was up some 3 per cent. to 881,400 square metres, while the total labour force shrank by 4.6 per cent. on a quarterly average to 59,250. Personnel costs rose faster—by 8.2 per cent. compared with the same period of 1974 to DM328.6m.

PLM sales lower than expected

By William Dullforce

STOCKHOLM, June 9.

PLM, THE Swedish packaging concern, reports a pre-tax profit of Kr.19.6m. (£2.12m.) on sales of Kr.492m. (£54.6m.) for the first four months of 1975. This compares with a forecast profit of Kr.22m. and a profit of Kr.22.6m. on a Kr.312m. turnover for the corresponding period last year. The 50 per cent. increase in turnover is reduced to 13 per cent. if sales by the concern's new acquisitions are omitted.

The managing director, Mr. Ulf Laurin, says deliveries were lower than expected for the period but improved slightly during its last two months. He considers the profit, which was cut by a Kr.8.6m. increase in interest costs compared with the result for the first four months of 1974, to be good in view of the deviation from the sales forecast. PLM placed a five-year DM15m. loan on the West German capital market in April on a 9.25 per cent. coupon and an issue price of 99. The concern's liquid assets at the end of the four-month period were Kr.50m.

Mr. Laurin has lowered by Kr.100m. his earlier forecast of a Kr.1.7bn. turnover for 1975, which compares with sales of Kr.1.42bn. last year. Inventory gains during the year are not expected significantly to exceed the Kr.6m. already registered. The new profit forecast for the year of Kr.80m. to Kr.100m. including inventory gains, therefore, compares fairly with last year's Kr.119m. which included Kr.31m. in inventory gains.

KLM expects "small profit"

BY MICHAEL VAN OS

AMSTERDAM, June 9.

KLM, the Dutch national airline company, revealed in its budget for the recently started financial year 1975-76 that a "small profit" was anticipated after four consecutive years of losses.

The company, whose main figures over 1974-75 are due to be published on Friday showing a loss substantially exceeding the previous year's deficit of nearly Fls.54m., was in the news last week when the Government announced it intended to give the airline a major financial injection. This would raise its stake in the Dutch airline from the present 71 per cent. to 78 per cent.

In an interview in the KLM staff journal, general manager Mr. B. Van de Breevaart said the anticipated "small profit" in the official budget was based on a number of assumptions. These included moderate growth in traffic volume this year, declining growth in capacity, a rising actual load factor, higher average yields, a static work force, a lower rise in expenditure, a lowering of the break-even load factor.

Pointing at the experience of previous years, Mr. Van de Breevaart stressed that the budget was not a document guaranteeing 100 per cent. certainty. "Two per cent. over or under can mean the difference between profit and loss," he warned.

The budget does not take into account the possible effects of the small reduction in transatlantic flights following disagreements with the U.S. air authorities, who have suggested that KLM was carrying more than its fair share of traffic.

The KLM staff journal also revealed some details of the budget assumptions for the current financial year. The airline's fleet will comprise the same number of aircraft as the year before, but in the course of the year, two 747 Combis will be added and two DC-8-50 aircraft withdrawn.

Capacity in ton-kilometres is 6 per cent. higher than last year while capacity on the African routes is 23 per cent. higher, due to the use of the DC-10 on the Amsterdam-Johannesburg run. There are no longer any restrictions on this route and this could also largely be said of the Amsterdam-Brazil run.

The budget added that traffic growth, in ton-kilometres, is 7 per cent. The growth of non-scheduled passenger traffic services is also estimated at 7 per cent. Freight traffic should rise by 10 per cent. and charter passenger traffic is expected to decline slightly. The average revenue per ton-kilometre of traffic rises from Fls.0.981 to Fls.1.017. The actual load factor should rise from about 55 per cent. to 56.5 per cent.

Aid, designed to strengthen KLM's financial position, will consist of the State taking up Fls.200m. in new Preference shares; half will be paid in now and the rest may be paid in as future developments require. The Dutch Transport Minister, Mr. Tjerk Westerterp also proposes to raise the airline's "guarantee potential" (currently Fls.200m.), by the same amount.

Lufthansa 1974 profit

COLOGNE, June 9.

LUFTHANSA, to-day reported increased passenger figures and higher profits for 1974, after losses in 1973 which were caused mainly by a lengthy air traffic controller strike.

A statement said that profits were DM64.5m. compared with a loss of DM45.7m. in 1973.

The number of passengers in 1974 increased by 20.3 per cent. to 9.6m. Comparing 1974 with 1972, the increase was 12.7 per cent.

Fuel prices rose to DM512m., or 15 per cent. of Lufthansa's total expenses. In 1973 fuel costs totalled DM205m., or 7 per cent. of the total expenses.

A 1974 dividend of DM2 (nil) is proposed on the ordinary shares and DM2.50 (nil) on the preference shares.

Preference shareholders will receive a further DM2.50, representing the unpaid 1973 dividend.

AP-DJ/Reuter

Nationale Nederlanden confident

By Michael Van Os

AMSTERDAM, June 9.

NATIONALE - NEDERLANDEN, Holland's largest insurance group, has told the annual shareholders' meeting that there was no reason to assume that this year's results would be less favourable than last year. In 1974, the group's net profits had risen by Fls.18.1m. to Fls.128m.; the turnover advanced 11.7 per cent. to Fls.2.99bn.

Nationale's executive Board has told the meeting that turnover had risen 30 per cent. in the first quarter, compared with the same period last year. The steep rise is partly attributable to interests acquired in Netherlands Reinsurance (NRG), Vola, and in the U.S., Peerless Insurance, and Wisconsin National Life. Excluding these acquisitions, turnover had increased 12 per cent. in the first quarter.

Nationale said that first quarter expenditure, including staff pension costs, had gone up 26 per cent. Excluding acquisition expenses (not expenditure) had risen 13 per cent.

The company also said it now fully owned British Orion Insurance, one of the leading London marine and aviation underwriters. Nationale had announced in February this year that it was bidding for Orion shares still held by outside shareholders—about 33 per cent. of the share capital.

Amev, another major Dutch insurer, has said, after its rights issue, it was confident about results this year.

Another major Dutch insurer, Amfas, revealed that so far this year, premium income in the life sector was 11 per cent. up on last year while income in the General sector was up 12 per cent.; investment income had risen 15 per cent. Wage costs would rise by a minimum of 13 per cent. this year.

Pernas moves into Malayawata

BY WONG SULONG

KUALA LUMPUR, June 9.

PERNAS, the Malaysian Government sponsored company charged with getting a bigger share of the country's commerce and industry to Bumiputras (Malays) has acquired a controlling interest in the country's biggest steel plant, Malayawata, after buying 7.35m. shares worth 17m. Ringgits (£3.4m.).

The deal comes less than two weeks after Pernas acquired a controlling interest in Haw Par Brothers, and Pernas officials to-day confirmed they are now negotiating for a major interest in a bank with extensive interests in Malaysia.

The steel shares were acquired from five Japanese companies (4,240,000 shares), headed by Nippon Steel Corporation, the International Finance Corporation (a World Bank subsidiary) and the Philadelphia International Investment Corp.

The stake represents 30 per cent. of Malayawata equity and with another 24 per cent. in Malaysian hands, the deal means that the majority interests are now under Malaysian control.

The remaining shares are held by the Japanese (28 per cent.) and Singaporeans (18 per cent). The plant produces 150,000 tons of steel annually and supplies 75 per cent. of the Malaysian market.

Margaret Rei din London writes: It was stated in London last night that representatives of Pernas and of Haw Par had met in Malaysia over the week-end. They discussed both the overall £25m. deal under which it is proposed that Pernas should subscribe for a 39.7 per cent. stake in Haw Par in exchange for a portfolio of securities, including more than 20 per cent of London Tin, and also the London Take-over Panel's ruling on Friday. The Panel laid down that Haw Par must make a bid for the remaining shares in London Tin—in which its existing near-30 per cent. holding is to be raised by the Pernas deal to over 50 per cent.—at 197 1/16p a share.

Haw Par is also convening Board meetings in Singapore this week to discuss the position about the proposed deal, in relation to the line taken by the Singapore Stock Exchange, and Securities Industry Council, and the decision of the London Panel.

The company said: "The business which will be carried on at these meetings will be to take steps to ensure that full information on the proposed transaction between the two companies is given to shareholders as soon as possible and to progress the transaction to a satisfactory conclusion."

The Board of Haw Par wishes to reiterate that no completion of the transaction can or will take place prior to an extraordinary general meeting of shareholders.

ELF/SNPA think again

PARIS, June 9.

THE UNIFICATION of management structure of Ste. Nationale des Petroles d'Aquitaine and ELF-ERAP is far from being advanced enough to allow a closer relationship between the companies and it does not presuppose such a development, Aquitaine president Pierre Guillaumat said in a communique. He said ELF and Aquitaine worked together because their interests are linked more and more closely; it remains essential that Aquitaine should have a final and incontestable financial advantage from the co-operation.

Reuter

Barclays to raise $35m.

BY MICHAEL BLANDEN

Barclays Bank International, the subsidiary of Barclays Bank, is planning a $35m. issue of seven-year capital notes in the Eurodollar market.

The issue is an important test of the market's attitude towards U.K. private sector borrowers after the referendum, and the first big corporate U.K. borrowing for over a year. It is significant also because BBI has gained a rating from Moody's Investors Services in the U.S. for the issue. Moody's has given a provisional triple A rating, only the second time this prime grade has been accorded to a non-U.S. private sector issue.

The rating, it appears, has been given largely because of BBI's international activities. The bank admits that the Eurodollar market's reception for U.K. borrowers generally has required it to pay a slightly higher rate than might otherwise be needed.

The notes are expected to carry a 9¼ per cent. coupon and it is hoped to issue them at par. The proceeds are to be used for the general development and expansion of the bank's worldwide activities. Although BBI has taken the step of gaining a Moody's rating, there is no present intention of raising funds in the U.S. market.

The underwriting syndicate is being managed by Barclays Bank (London and International), Merrill Lynch, Pierce, Fenner and Smith Securities Underwriter Ltd. and Kleinwort Benson. Application is to be made for listing on the Stock Exchange in London, and brokers to the issue are Strauss, Turnbull.

★

Frankfurt, June 9—The Swedish atomic power group Forsmarks Kraftgrupp plans to float DM100m. eight year loan with a probable 8¾ per cent. coupon, Commerzbank said as issue manager.

The loan will be guaranteed by the Kingdom of Sweden—the first time since 1967 it has guaranteed a Eurobond. Price and confirmation of the coupon will be announced on the issue date, June 18, when the loan is due to be quoted on the Frankfurt stock exchange.

Reuter

Libby deal threatened

NEW YORK, June 9.

UNIVERSAL FOOD Specialties said it and Nestlé Alimenta Libby McNeill and Libby and its directors were named as defendants in a case action suit seeking to halt Universal Food's May 29 tender for all outstanding Libby McNeill and Libby common stock and five per cent. debentures.

A Libby McNeill and Libby common stock holder filed the suit which charges violations of the Securities and Exchange Act.

The suit seeks damages in addition to the order halting the tender and requiring that all common share tender be returned.

Universal food said the suit "was without merit."

Reuter

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8pc 1986	99	100
Ashland 8pc 1987	93½	94½
Australwest 9pc 1987	96½	97½
BFCE 9pc 1980	98	99
Borregaard 8½pc 1989	96	97
Carrier 8pc 1987	90	91
Conoco 8pc 1985	96½	97½
Consd. Foods 7¾pc 1991	96½	97½
Cutler Hammer 9pc 1987	91½	92½
EIB 9¾pc 1985	101½	102½
Esso 8pc 1986 Nov.	97½	98½
General Cable 8½pc 1987	89	90
General Motors 8¾pc 1986	101½	102½
GTE 8¾pc 1985	97½	98½
ICI 7½pc 1992	77	78
Nat. Grindlays 7½pc 1987	75	77
Pacific Light 8pc 1988	91½	92½
Prov. of Quebec 7½pc 1988	89	90
Quebec Hydro 8½pc 1989	98	99
Queensland 8½pc 1987	93½	94½
Scanraff 8½pc 1988	94½	95½
Shell 8pc 1986	96½	97½
Standard Oil Inc. 8½pc '88	99	100
Tenneco 7½pc 1987	85½	86½
Transocean 8pc 1986	97	98
TRW 9¾pc 1986	95½	96½
Utah 8pc 1987	93	94
Volvo 8½pc 1985	99	100
NOTES		
Air France 9¼pc 1982	101½	102½
Aust. Ind. Dev. 10¼pc 1981	103½	104½
Barclays 7½pc 1978	97	98
Cie Fin. du Rhone 10pc '82	103½	104½
Du Pont 7¾pc 1978	101	102
Esso 7½pc 1978	101	102
General Motors 8¾pc 1976	100½	101½
Marubeni 9¼pc 1982	101½	102½
Nippon Fudosan 10¼pc 1981	104	105
Skand. Enskilda 10¼pc 1982	103½	104½
Tenneco 7½pc 1979	97½	98½
Tokyo Curacao 10¼pc 1981	103½	104½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	81	[illegible]
Ashland 5pc 1988	80	[illegible]
Beatrice Foods 4¼pc 1992	94	[illegible]
Beatrice Foods 4½pc 1992	104	[illegible]
Borden 5pc 1992	90	[illegible]
Broadway Hale 4½pc 1987	74½	[illegible]
Canon Camera 7¼pc 1989	92	[illegible]
Carnation 4pc 1987	90	[illegible]
Chevron 5pc 1988	163	[illegible]
Dart 4¾pc 1987	90	[illegible]
Eastman Kodak 4½pc 1988	117	[illegible]
Economic Labs. 4½pc 1987	91	[illegible]
Fidal 7¼pc 1989	[illegible]	[illegible]
Ford 6pc 1986	81	[illegible]
Ford 5pc 1988	75	[illegible]
Fuji 6½pc 1981	100	[illegible]
General Electric 4¼pc 1987	83½	[illegible]
Gillette 4½pc 1987	82	[illegible]
Gould 5pc 1987	73½	[illegible]
Halliburton 4½pc 1987	128	[illegible]
Harris 5pc 1992	88	[illegible]
Hitachi 6½pc 1984	100	[illegible]
Honeywell 6pc 1986	79½	[illegible]
ITT 4½pc 1987	67	[illegible]
Komatsu 6¾pc 1984	178	[illegible]
J. Ray McDermott 4½pc '87	148	[illegible]
Mitsui 8½pc 1989	151	[illegible]
J. P. Morgan 4½pc 1987	123	[illegible]
Motorola 4½pc 1988	125	[illegible]
Owens Illinois 4½pc 1987	96	[illegible]
J. C. Penney 4½pc 1987	83	[illegible]
Pioneer 6¼pc 1989	117	[illegible]
Rand Selection 5½pc 1988	103	[illegible]
Rank 4½pc 1988	43	[illegible]
Revlon 4½pc 1987	103	[illegible]
Sperry Rand 4¼pc 1987	92	[illegible]
Squibb 4½pc 1987	83	[illegible]
Toshiba 6½pc 1985	128	[illegible]
Union Carbide 4½pc 1982	100	[illegible]
Warner Lambert 4½pc 1987	95	[illegible]
Warner Lambert 4½pc 1988	85	[illegible]
Xerox 5pc 1988	77	[illegible]

Source: Kidder, Peabody Securities.

London overseas banks have been vigorously extending their traditional activities. **Michael Blanden reports**

Twists on an overseas arm

THE TROUBLES of Grindlays Bank and its merchant banking subsidiary, Brandts, and the recent Midland Bank purchase of the Chase Manhattan stake in Standard and Chartered, have drawn attention to an important but relatively unknown group of financial institutions. The London overseas banks are unlike any other sector of the City banking community; their main business is founded on the operation of extensive retail branch networks abroad, between them covering an area extending from Latin America through Africa to the Far East.

In recent years, however, the character of their operations has undergone important changes. These have led many of the overseas banks to seek diversification and development in new directions, particularly in adding to their traditional activities a variety of interests in U.K. operations and in gaining greater strength through associations with other banks. The recent events illustrate some of the important trends in the development of these banks. Grindlays' need to call on its major shareholders, First National City Bank and probably Lloyds, for additional capital as a result of the losses in Brandts also demonstrates the problems which can be met in extending into new fields of activity. The current pressures and pattern of development suggest that it may be difficult in the present banking climate for some of the overseas banks to retain their complete independence of action.

Origins

The origin of these banks is firmly rooted in Britain's imperial past. They followed trade into areas of colonial domination and into other parts of the world such as the Middle East and South America where British influence was strong. At a time when London was a major source of capital for investment in the development of these countries, and when sterling was the universal medium of exchange, the banks were able to operate on an international scale. As well as financing trade and investment, *they developed into providing* extensive retail branch services for the countries involved.

National and Grindlays, for example, can trace its history back to 1863, with the formation of the Calcutta City Banking Corporation — later the National Bank of India which in 1866 moved its headquarters to London. Merger in 1958 with Grindlays Bank, and the acquisition in 1961 of the Lloyds Bank Eastern *branches established the* basis of the present group, with operations spread over East and *Central Africa, the Indian sub*continent and the Far East. The group also took in the Middle East and Cyprus with the acquisition in 1969 of the Ottoman Bank's London group business.

Merger

Standard and Chartered, the result of a 1970 merger, is active, particularly in South, Central and West Africa and in the East. Barclays International, formerly Barclays DCO (Dominion, Colonial and Overseas) is also strong in Africa as well as the Caribbean, and as the international arm of Barclays has also been actively *developing operations else*where, including North America in particular. Latin America *is covered by Lloyds Bank* International, which absorbed the Bank of London and South America, and is also strong in Europe and the U.S. Other members of the group include Australia and New Zealand Banking Group, while Hong Kong and Shanghai Banking Corporation, though Hong Kong based, retains firm London connections and would normally be regarded as falling into the same group.

Short supply

The traditional operations of these banks, based on their freedom to move funds around the world, have been increasingly circumscribed in recent years. Growing nationalism in the countries concerned and the achievement of independence by the old colonial territories have brought new pressures on banks operating out of London. At the same time, the gradual extension of exchange controls between members of the sterling area, culminating in June 1972 with the floating of the pound and the final end of the sterling area concept, has limited their freedom of action.

As Lord Seebohm pointed out *three years ago when explaining* the changes in the Barclays policy, "a high proportion of the business was in the sterling area in which funds could be moved from points of surplus liquidity to those areas where money was in short supply." The banks could regard their activities in a number of countries as a single branch network, controlled from London; when the harvest was gathered in one territory, the funds which it *produced could be used to fin*ance needs elsewhere.

While in many countries the London overseas banks continue to carry out good and profitable business, they now have to treat each area as a separate entity, raising its own deposits and using them for local purposes. In some places, nationalisation has resulted in the banks losing *their businesses altogether*. In a number of countries it has been possible for the banks to go into partnership with the Government and sometimes with other local interests; the pattern has tended to be for the bank to retain a large minority interest and, because the banks have the necessary skills to run the local operations, to keep effective management control.

Problems

The problems were illustrated by the strong reaction when two years ago, in the wake of the special Franzsen Commission report on the banking system in South Africa, it looked as if the South African authorities might insist on foreign holdings in local banks being cut over the long term to as little as 10 per cent. Barclays and Standard, the main London banks involved, have already reconciled themselves to a reduction in their stake there; both have separate companies in South Africa, with substantial outside shareholdings, and are prepared over time to see their interest drop *to around 50 per cent. (now* acceptable to the authorities). But a stake as low as 10 per cent., they felt, would reduce their interest to the level of merely a portfolio investment.

The overseas banks, therefore, have been forced to look *in new directions for their* further development. The general pattern was again *summed up by Lord Seebohm*. To overcome the immobility of sterling-based funds, he said, "*we turned to the Euro*currency market." At the same time, Barclays made two other *changes of policy*. "One was to become still more international and to extend our opera*tions to anywhere in the world* where we could use our banking expertise profitably; and the *second was to move* deliberately from the system of branch operations to the formation of local companies in order to meet the natural desire of developing countries to have a *financial interest in, and greater* control over, their banking systems."

Advantages

Participation in the *London*-based Eurodollar markets has been one of the most important *areas of development for* several of the overseas banks. These markets offered two important advantages. First, they gave access to the rapidly growing international wholesale banking markets—as opposed to the localised retail banking activities on which the traditional overseas banking operations were based—and to markets which in the present situation represent the only genuinely international sources *of capital. Secondly, they* gave the banks a source of income based in London and independent of the various territories where they operate, with the opportunity at the same time to bring to bear their own special experience in banking in countries abroad.

This development also underlines, however, one of the main *problems faced by the London* overseas banks: that if they are to develop as full international banking operations, able to offer their customers services around the world, they are in direct competition with the big domestic and international commercial banks of the U.S., the U.K. and Continental Europe which themselves have developed rapidly in the same direction.

The point has also been *brought home in recent years* that it is by no means easy to build up from scratch the banking representation in the major financial centres of the industrialised countries which is needed to provide a comprehensive international banking service. Barclays' experience in the U.S. with the rejection of its attempt to buy Long Island Trust bore witness to the sensitivity with which foreign takeovers could be treated. There has been considerable success, however, in building up wide-spread international banking networks with Barclays, for example, in California and New York and Lloyds Bank's recent major acquisition in California, *as well as the extensive open*ing of new branches and representative offices around the world.

Greater strength and wider coverage have been sought in mergers and associations with other banks, while several of the *overseas banks have acquired* U.K.-based specialised operations such as Brandts. One of the more interesting trends, however, is towards association with the domestic U.K. clearing banks. Barclays and Lloyds provide the outstanding examples. In one case, though Barclays DCO had been a subsidiary of the U.K. bank, it had operated more or less independently until the minority interest was bought out and the bank was integrated with the parent. In the other, the merger of Bolsa with Lloyds Europe gave Lloyds a majority of the combined group, later completely integrated as the bank's international arm. Midland's increased stake in Standard and Chartered gives the opportunity for their relationship to be developed further, important for Midland itself as well as for its overseas partner.

The value of substantial backing from a large banking group has been underlined in the difficult banking conditions of the past 18 months. While the overseas banks' foreign retail opera*tions will continue as valuable* business — looking particularly attractive at present in comparison *with the difficulties in* the U.K. domestic market—they are likely to continue to look towards the development of full international banking, often in association with larger groupings, for the long-term future.

Japanese welcome for Concorde

By Michael Donne, Aerospace Correspondent

A SUBSTANTIAL proportion of Japanese businessmen will prefer to fly by supersonic airliners when they come into service, according to a survey conducted in Japan on behalf of the Concorde's manufacturers, British *Aircraft Corporation* and Aerospatiale. The survey showed that the vast majority of first-class business travellers would use Concorde.

At current first-class fares, more than 80 per cent. of first-class travellers between Tokyo and Europe would fly Concorde, 88 per cent. of those flying to New York, 75 per cent. to the U.S. West Coast and 94 per cent. to Hong Kong.

Even if fares were increased by 20 per cent. for Concorde operations a large number of first-class passengers (55 per cent. to 75 per cent.) would still prefer it.

The results of the Japanese survey are similar to those *from a survey of U.S. business*men undertaken some time ago. They appear to show that there *is a market for Concorde on the* world's major air routes, and that even if fares are higher than current rates the number of passengers interested remains high.

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APPOINTMENTS

Senior posts at GKN sub-group

GKN AXLES, the recently formed GKN sub-group, has made the following appointments to the sub-group and its subsidiaries. Mr. J. A. Leeding has become managing director of GKN Centrax Gears in succession to Mr. B. D. Insch who remains managing director of Salisbury Transmission. Mr. A. J. Davies has been made engineering services director of Salisbury Transmission. Mr. A. C. Parsons has been appointed administrative manager of GKN Axles.

*

Mr. Colin Wigan has been appointed joint managing director of Westbourne Exhibitions and of Building Library and Information Services. Both are companies within the Westbourne Group.

*

Mr. John York has been appointed a director of ELLIS & EVERARD (CHEMICALS). Mr. York is commercial services director of the Mond Division of Imperial Chemical Industries.

*

Following the acquisition of MIDLAND ALUMINIUM by Tube Investments, Mr. C. H. Corfield has resigned as deputy chairman and from all other appointments with the Midland Aluminium Group. Mr. Corfield will be devoting himself to his other business interests.

*

Mr. Hugh G. Wrigglesworth, finance director of the MERSEY DOCKS & HARBOUR COMPANY, is to retire on reaching the age limit on June 17 after the annual general meeting.

*

Mr. J. A. Nutt, currently sales director of GRANTS OF ST. JAMES'S, has been appointed marketing director. Mr. J. J. Bennett has joined the Board as sales director.

*

Mr. T. W. Pestell has been appointed a director of H. CLARKSON (SSR), a member of the H. Clarkson Insurance Group.

*

Mr. G. R. Ford has been appointed chairman of ZIMMERMANN HOBBS in place of Mr. R. F. Gillham, who has retired after over 30 years' service.

*

Mr. Ray Grainger has been appointed to the new position of director in charge of the company operations directorate within the CHEMICAL INDUSTRIES ASSOCIATION.

*

Mr. Carl H. Swartz has been appointed managing director of BLACK-CLAWSON INTERNATIONAL and vice president of the Black Clawson Company of the U.S. Mr. Neville Root has been elected to the Board of Black-Clawson International.

*

Three vice presidents of Standard Oil Company of California (Socal) have been elected to the Board of AMAX INC., increasing the size of the Board from 18 to 21 members. They are Mr. J. D. Bonney, Mr. Perrin Fay and Mr. E. D. Kane. At the end of last month Socal acquired nearly 20 per cent. of AMAX's common stock.

*

Mr. H-H. Andersen, managing director of DFDS (U.K.), is leaving the company this month to take up another position. Responsibility for DFDS (U.K.) will now be handled by a management team consisting of Mr. K. V. Balding, Mr. E. K. Pedersen, Mr. K. Bech-Nielsen, Mr. J. W. Atkinson and Mr. M. R. Hindle.

*

Mr. James Wiltshire has been appointed deputy director of training of the TRAINING SERVICES AGENCY to share duties with Mr. T. R. Clendon. The TSA is part of the Manpower Services Commission.

*

Mr. J. S. Morrison has been appointed a Trustee of the NATIONAL MARITIME MUSEUM in succession to Professor Ralph Davis whose term of office expires in June.

*

Mr. J. E. Marshall has been appointed secretary of LONDON CITY AND WESTCLIFF PROPERTIES. He succeeds Mr. R. H. Summers, who will be devoting all his time to the responsibilities of group finance director.

*

SHAW CARPETS is setting up a U.K. division and an export division; the latter will include the group's French and German subsidiaries.

Mr. R. E. Charnock is managing director and Mr. R. Smith sales director of U.K. division. Mr. M. S. H. Hartley is managing director of export division. Mr. J. W. H. Hartley remains group managing director.

*

Miss B. Crosnaw, The Boots Company, Mr. R. S. Harris, Reckitt and Colman Products, and Mr. B. R. Young, Coalite and Chemical Products, have been elected to the executive committee of the BRITISH DISINFECTANT MANUFACTURERS' ASSOCIATION.

HOME CONTRACTS

Hugh MacRae has over £2m. Council work

HUGH MACREA & CO. (BUILDERS) of Inverness, has been awarded the following local authority contracts. Forty-eight houses for the Pitmedden 9th development, for Aberdeen County Council, worth £321,741. At Culloden, for Inverness County Council, 190 houses worth just under £2m. A children's home at Conon Bridge for Ross & Cromarty County Council, worth £149,318.

*

J. G. PARKER of Nottingham, has received a £2m. contract from Erewash Borough Council to build 250 houses at Cotmanhay, Derbyshire.

*

MARSHALLS (BUILDERS ELLAND) has won contracts totalling £1.1m., including a school at Wakefield, old peoples' housing development at Hartlepool, a public house at Wakefield and a swimming bath at Oldham.

*

WILLIAM PRESS PRODUCTION SYSTEMS has received a £1m. contract for the construction of two process modules for the North Sea Thistle Field for Burmah Oil Development. Platform A, on top of which the two modules will be placed in 1976, is claimed to comprise the tallest jacket under construction for an offshore field anywhere in the world.

*

GEORGE WIMPEY AND CO. has been awarded a £870,000 contract for 60 two-storey dwellings by the Burgh of Huntly, now part of the newly-formed Gordon District Council. Work is due to start shortly for completion by the middle of 1976.

*

HOLLAND HANNAN AND CUBITTS has received a contract worth about £400,000 from Strathclyde Regional Council for the internal partitioning and lighting of a new eight-storey office block in India Street, Anderston.

*

MARCONI MARINE—a GEC-Marconi Electronics company—has negotiated a contract with Bibby Line to provide a full radio traffic accounting service for the entire Bibby Line fleet. A total of 20 ships is involved. From July 1 Marconi Marine will be responsible for documenting and settling all radio traffic charges accruing from both the ships and telegraphic authorities throughout the world, also the supply of all ships stationery.

*

ALFA-LAVAL COMPANY, Brentford, has won an order from the Steetly Group worth about £300,000, for a tube press system for de-watering slurries.

*

RUSH AND TOMPKINS (CIVIL ENGINEERING) has been awarded a contract worth £208,000 by the CEGB (transmission division) for construction of the headworks building and compound for the Medway cable tunnel at the Isle of Grain power station.

*

KENT INSTRUMENTS is building a complete metering station worth about £154,000 for Burmah's Thistle oilfield. Delivery is expected in December for installation in 1976 so that the Thistle field can commence production in 1977. The station is designed to meter flow of four oil streams totalling some 250,000 barrels per day to an accuracy of 0.15 per cent.

J E LESSER (BUILDINGS) has won a contract from the Link House Group to design and build a new warehouse worth £156,000 at Holes Bay, Poole. The single-storey building is due for completion in December.

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FINANCIAL TIMES SURVEY
Tuesday June 10 1975

REINSURANCE

Like most industries, insurance and its highly specialised sector, reinsurance have been plagued by the world-wide problems of inflation, fluctuating currencies and a sharpening of competition. Underwriting skills have assumed even greater importance.

Focus now on sound rating

THE BASIC principle of insurance is that of spreading one's risks, so that if disaster occurs, one is not bankrupted by the event. This principle applies with as much force, if not *more*, to the insurers as to the individual, the company or the group.

Insurers — companies and underwriting syndicates alike—take on varying types of risks or different amounts of cover. The actual amount that they are prepared to pay out themselves on a particular risk will depend on a number of factors pertinent to the insurer, but there is a limit to the risk, known as the retention. The cover required over and above the retention the insurer will reinsure elsewhere.

Without imposing a limit on an individual risk, the insurer could find himself in severe financial trouble if the catastrophe occurs and he has to pay out the claim. Security is a prime requisite of an insurer, large or small, and reinsurance is one means of providing that security.

With whom does the insurer reinsure? The practice has evolved that it is either with another insurer, who handles reinsurance as part of his overall portfolio of risks, or with a company that deals exclusively with reinsurance business. The development of reinsurance in the U.K. has been closely intertwined with that of insurance. *There is* not a *single publicly* quoted reinsurance company in the U.K.—they are all subsidiaries of insurers. Mercantile and General, for example, is part of the Prudential Assurance organisation.

Where insurers do not possess a reinsurance subsidiary, the tendency now is to departmentalise and the reinsurance business is usually operated separately from the main insurance sphere. Thus it is quite possible for part of the excess cover on an insurance risk in the portfolio of an insurer to be taken up by his reinsurance department.

How should the insurer spread his risks? The best solution is on a world-wide basis providing both a geographical and a currency spread. Although spreading the risk between other insurers operating in the same country will save that insurer from disaster in the event of a catastrophe, it will put a strain on the insurance industry of that country as a whole.

It is doubtful *whether the* Australian domestic insurance and reinsurance market could have withstood the financial strain imposed by the series of natural hazards experienced in that country last year. Reinsurance can spread the financial strain around the world. In this respect, reinsurers are even more internationally orientated than the basic insurance industry.

The events of the past year have had an unsettling effect on the reinsurance industry, not only in the U.K. but world-wide. Rampant inflation and the collapse in asset values have put a strain on the insurance industry and naturally they have had a similar effect on the reinsurance industry. There has been an increasing pressure on solvency margins of reinsurers, resulting from premium income rising with inflation coupled with the fall in the value of the underlying assets, a pressure that has only been partially relieved by the market recovery this year.

Restricting

These economic circumstances are materially restricting insurance demand. There has been massive laying up of surplus shipping, the deferment of investment programmes and cutback in stock holdings. These and similar influences will have an impact both in premium and exposure terms on the portfolios of the insurance and re-insurance industry.

The other major influence on the reinsurance industry in 1974 was the unprecedented number of large natural hazards that occurred throughout the world. Those in Australia—the Brisbane floods in March and Cyclone Tracy in December which flattened Darwin—naturally made the headlines, but there was an exceptional number of tornados in the U.S. and the usual batch of hurricanes in the Caribbean.

These are some of the risks that underwriters take into account when fixing the rates

The devastation at Darwin, Australia, after the visit of Cyclone Tracy.

Nevertheless, when a much higher than average adverse experience occurs, the value of spreading one's risks is more than emphasised. The ability of the insurance industry to cope with these disasters is all to its credit.

The disaster at Flixborough last June led to the largest single insurance claim ever in the U.K., amounting to £28m. Yet the leading insurer for the risk—Sun Alliance and London—with 20 per cent. of the cover, only paid out a net amount of £500,000, the rest having been reinsured. The events of 1974 certainly illustrated the need for reinsurance.

U.K. reinsurers have had to watch very closely their asset position. The collapse of the equity market illustrated the dangers of holding this type of asset to cover short-term risks. But the very high yields available in the U.K. on short-dated fixed interest investments meant that investment income rose appreciably from this asset source, providing a partial hedge against underwriting losses.

This position, however, cannot be regarded as satisfactory in anything but the short term. Leading spokesmen for the reinsurance industry have emphasised that future long-term growth must come from adequate underwriting profits to provide a solid base, rather than from investment income. This means a proper rating structure charging appropriate premiums for the risk involved. The high rate of corporation tax does not help the reinsurance industry which has relied heavily on self-financing of future growth. The imputation system does not encourage retentions of profits.

The U.K. reinsurance industry kept out of the rate-cutting war between insurers and reinsurers in the U.S., which has been going on for the past few years. Here premiums were cut to the bone in order to boost premium income which in its turn would generate more investment income to offset the premium reductions. At least that was the theory.

Rolling in

The practical implications are now emerging as the claims come rolling in and U.S. insurers and reinsurers funds are being put under strain. The U.K. expect to see a lot of U.S. business returning to London—both by direct insurance and by reinsurance. Sanity is returning to the rate fixers in the U.S. market and the U.K. insurance industry looks forward to a period of stability in this market.

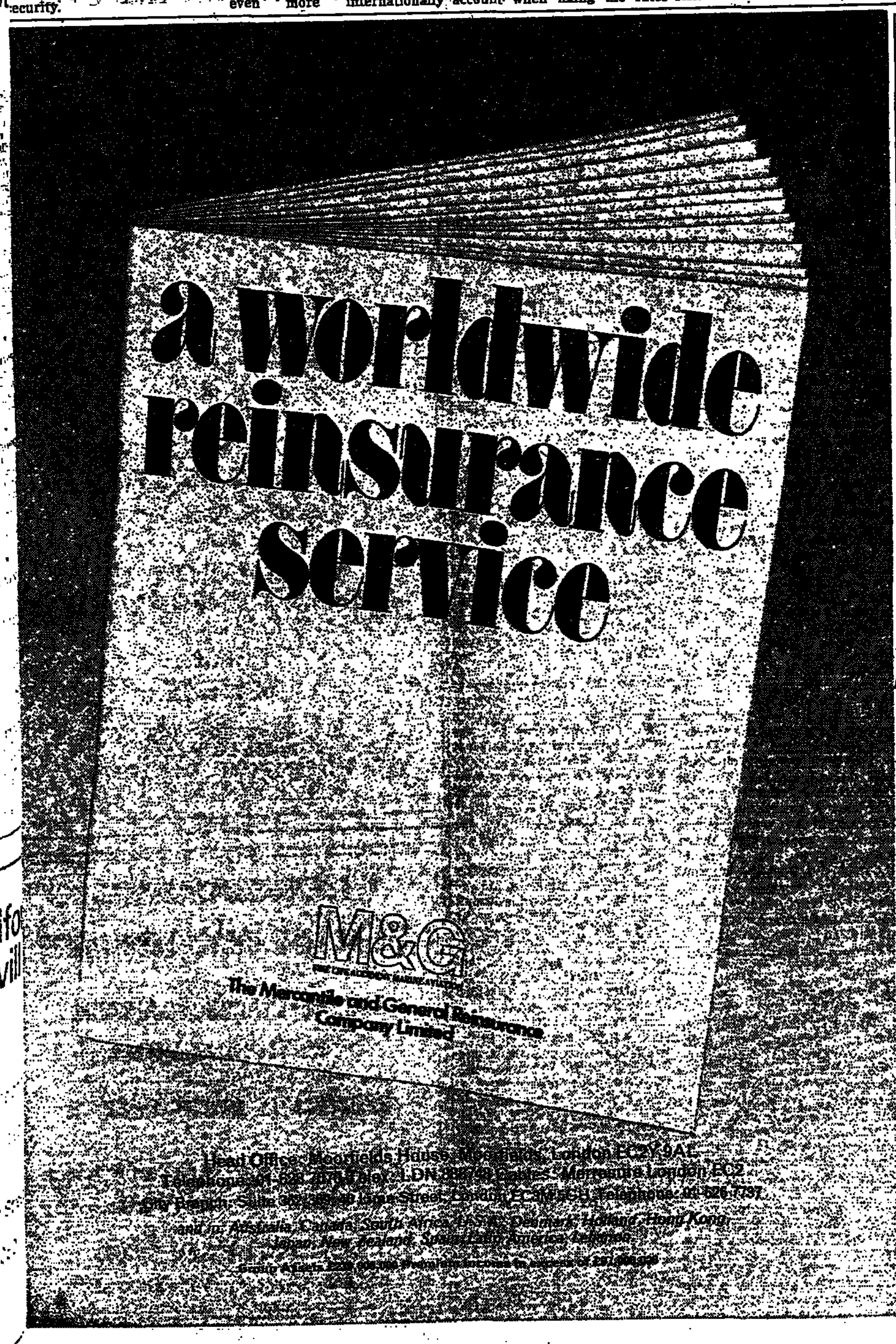
Meanwhile, the U.K. insurers are taking active steps to increase their asset base to enable them to expand their future operations. Many leading composite *insurance companies have* already raised fresh capital by means of rights issues to their shareholders. Part of the funds raised will almost certainly be used to expand their reinsurance operations. The Victory Insurance Company received an injection of £3.5m. to its capital base from its proprietors—Legal and General Life Assurance Society and Cologne Re. It is likely that more fund-raising operations from insurers are in hand.

There are many reasons why London became and continues to be a world centre for reinsurance. But the present weakness of sterling does not help the reinsurance market in its world operations. Insurers have to accept the premium for the risk at outset. If there has been an adverse currency movement by the time a claim is settled, the reinsurer has to make up the difference, a risk that was viable in foreign currency terms can become a loss-maker in sterling terms.

The reinsurance company can hedge its bets by holding assets abroad, but in some risks, notably marine, the reinsurer does not know in advance in which currency the claims will be paid, ultimately it could be in more than one. The industry to thrive must have maximum freedom to move funds from one country to another.

The reinsurance industry in the U.K. has probably emerged from the past years' events in far better shape than the U.S. or Canadian markets. But it still has to learn to operate in a world of rampant inflation and unstable currencies. The recovery in the financial market has eased the asset position, but the fall in interest rates since the beginning of the year could lead to a lower increase in investment income compared with the rise in premium income. This means that the companies must get their underwriting rates correct. The industry must concentrate on insurance rather than investment; indeed many have never departed from that principle.

Eric Short



REINSURANCE II

Lloyd's the guiding hand

SINCE AT LEAST 50 per cent. of its total premium income comes from reinsurance, the Lloyd's market plays an important part in international reinsurance arrangements. It is one of the largest non-life reinsurance markets in the world.

While most classes of reinsurance are written at Lloyd's as a generalisation it is probably true to say that underwriters at Lloyd's write more reinsurance where they determine the premium rate than is the case with many companies. In other words not so much business is written on original terms or, where this is written, the original rate may very well have been determined by the reinsuring underwriters at Lloyd's.

Naturally, the Lloyd's market plays its part in providing reinsurance capacity for other insurers. In common with certain large British insurance companies, outward reinsurances placed by Lloyd's underwriters are probably quite small in relation to premium income, compared with many insurance companies throughout the world.

Many insurance companies throughout the world accept reinsurance business on original terms, since this is virtually the only way in which they can achieve a wide spread of risk. Underwriters at Lloyd's, however, can be more selective in deciding on the reinsurance cover which they will provide. Almost certainly, Lloyd's underwriters have a wider spread of direct business than most other insurers, which means that they need not necessarily accept reinsurance solely to achieve a spread of risk. Where an interest in particular risks can be achieved only through reinsurance, it is quite likely that the original insurers will be influenced to some extent by the views of reinsuring underwriters at Lloyd's.

Although underwriters at Lloyd's do *not arrange* as much outward reinsurance as many other insurers, there may be occasions when they think that the rate of premium being charged for a risk which they have renewed may bring little or no profitability. In these circumstances, it may be prudent to remain on the risk, but to reinsure all or part of it elsewhere. This, of course, is entirely a matter of individual judgment.

Pioneered

Within reinsurance, Lloyd's is well known as a "catastrophe" market. Underwriters have pioneered many forms of protection for other insurers throughout the world, so as to shield the latter from really serious catastrophes. In the non-marine market, for instance, Lloyd's underwriters pioneered the excess of loss approach as an alternative to the normal pro-rata treaty.

With this form of reinsurance, the original insurers are obtaining important protection, while underwriters at Lloyd's can charge the premium which they consider the risk they are running is worth, quite irrespective of the original rate of premium charged by the original insurer. In this way, underwriters can use their own judgment in determining rating levels, rather than (as is so often the case in reinsurance) being almost entirely in the hands of the original insurer.

Underwriters at Lloyd's also write a significant amount of reinsurance of risks where, for one reason or another, they cannot write the insurance on a direct basis. A typical example is some very large prestige risk in an overseas country. In these circumstances, *it is understandable* that the risk should be written in the first place by the domestic insurers of that country. They, however, may very well be unfamiliar with writing the type of risk in question, and will look to the London market for guidance.

As a result, effectively, the terms and conditions for the direct insurance may be determined by underwriters at Lloyd's and with British insurances companies. The risk is then written on these terms and conditions by the domestic insurers who, in turn, reinsure a substantial part of the risk in the London market, retaining only a small part of the risk. While this situation occurs on a fairly substantial scale, quite naturally reinsuring underwriters in the London market do not talk very much about such risks, not wishing in any way to embarrass the direct insurers from whom they receive the business.

In other cases, it may be a requirement that the direct business must be written in the country in which it originates. Where, however, a risk in such a country is of a novel type, or there is only comparatively little experience of such a risk, here again, the flexibility and ingenuity of the London market may very well come to the rescue, in the form of substantial reinsurance protection, on terms determined by the London market.

Speaking recently in Tokyo, Mr. Paul Dixey, former chairman of Lloyd's, pointed out that there are other places which have insurance companies with premium incomes which rival or exceed that of London insurers: ". . . yet no other country has so great an influence on insurance policy or practice." Mr. Dixey stressed the value of Lloyd's and the British companies which make up the London market when he said that what has been important in the development of London is not the size of the lines which the individual can write but the variety of opinion and the willingness to experiment.

Willingness

It is that willingness to provide insurance cover for virtually unknown risks which is just one of the reasons why so much reinsurance comes to Lloyd's—on the terms which individual underwriters in the market consider to be equitable—although, of course, in the event, their judgment may be shown to be wrong.

With such a wide spread of risk, a problem which faces Lloyd's underwriters, and other large-scale reinsurers, is the accumulation of risk which can occur. Under many treaty arrangements, underwriters may have very little knowledge of the individual risks which they are accepting. As a result, it is quite possible to have lines on the same risk as reinsurances of a significant number of the direct writers. This situation has to be watched very carefully, and often underwriters have to arrange reinsurance protection of different types for themselves.

For some really large risks all insurers subscribe on a "net" basis, retaining all they accept and undertaking not to place any reinsurance.

Another difficulty in recent years, particularly noticeable on the marine side, has been the fact that by providing reinsurance facilities underwriters *have fuelled the overseas* competition with which they have had to contend as direct writers. Leaving aside the complexities, in some cases underwriters at Lloyd's have provided reinsurance protection for overseas insurers which has enabled the latter to accept business at lower premiums than Lloyd's underwriters would have required. Then, under the terms of the reinsurance contract, the bulk of the risk can be reinsured in the London market, with the overseas insurance company retaining overriding commission.

Underwriters have been tightening up on the reinsurance protection which they will provide where it could be used against them. It looks as though this action is having the desired result and, as a result of this and other factors, some of the more competitive insurers in recent years are cutting back quite severely.

That is just one area where underwriters' reinsurance business is helped by their widespread portfolio of direct business. With the same individual writing both direct and reinsurance business, he can have a much better "feel" of the reinsurance which he is offered. In this way, often potentially loss-making reinsurance risks can be avoided, and there are a host of other "fringe benefits" which spring from the direct side of the business. Thus even underwriters whose main involvement is in reinsurance are anxious to maintain writing a reasonable volume of direct insurance.

John Gaselee

London the hub

AS IS THE CASE for the general insurance market, London is without doubt the hub of the international reinsurance industry: British insurers have traditionally enjoyed easy access to the major world reinsurance markets. However, the quality of the London reinsurance market and its almost unrivalled status could well be tested in the short term. The industry has just experienced one of the worst years on record, while inflation and weak sterling rates are fast eroding profitability. Furthermore' competition is growing from the Third World and advanced industrialised countries.

Reinsurance is a fairly recent market in relation to direct insurance with little emphasis being placed on the sector before about the early 20s. The growing demands of world trade patterns and the development of local insurance markets both fuelled the early growth in the reinsurance market.

The growth of overseas markets was mainly brought about by a series of protective legislations in various countries. U.K. insurers therefore had to start up locally based companies to carry out the business that was normally underwritten in London. This growth of localised business led to the need for more reinsurance but the companies still looked first to London for a market.

One of the more recent factors behind the growth of the London reinsurance market has been the insurance brokers. After the war the brokers put more emphasis on the sector by forming special department and subsidiaries to cater for this type of business. The brokers travel the world channelling back business to the London market. They are, however, *often criticised for the large* commission rates earned on these transactions but little seems to be done to reduce them, so that in itself tends to endorse the importance of the brokers to the reinsurance market.

London could attract this international business because it had the commercial organisations with the necessary expertise to take on these risks. These organisations had long been established in London during the course of the city's development as an international insurance centre.

Since it has been an established market, London had sufficient capacity to absorb the risks to be reinsured and could provide the cover and under*writing for these risks.*

The complete range of insurance companies that were on offer in London must also have been a factor. Apart from Lloyd's, where reinsurance now accounts for more than half the premiums income in the market, there are the vast amount of companies and of course the brokers. Most of these companies were already inter*national traders* with substantial world wide organisations.

Indeed London continues to attract such internationally based companies. Over the past three or four years numerous new underwriting concerns have been formed. These have not only come from the U.K. but the Continent and the U.S.

This development is obviously an encouraging sign for the London market since it is essential that it maintains its well diversified but well balanced range of underwriting views. Much of the attraction of London as a world reinsurance centre has stemmed from the fact that it is not only a base for multi-national companies but that it can cater for all those that seek reinsurance cover.

Logical

Since a large slice of the reinsurance business comes from local markets it is essential that there are adequate facilities for dealing in currencies; since London has long been known as an established financial centre it was a logical progression. In the past the strength of sterling *as an international currency* has more than covered this need. But the events of the past couple of years has given cause for concern. Sterling has been devalued against virtually all other currencies and this in turn must affect profitability of the reinsurance companies. Most premiums are converted to sterling and if this is weak any subsequent overseas claims are therefore exaggerated.

It is difficult to determine just what effects a weak sterling has had on business in the London reinsurance market but certainly the industry is becoming *more competitive. Those countries* which promoted the development of local insurance are now expanding towards setting up reinsurance companies. These are operating on a world wide basis. What is more, insurance brokers are being pressurised into placing business in these new markets but the more attractive London commission rates will still prove a strong lure.

It is as well that the decision of the British public to stay in the EEC will give the U.K. insurance market, including reinsurance, the opportunity for expansion. However, there are one or two legal hurdles for the reinsurance sector to overcome but by and large the U.K. market is optimistic.

Catastrophe

This growing competition comes at a time when the reinsurance industry has just experienced one of its worst years on record. First there was Hurricane Wanda which started the floods in Queensland Australia. This was followed by another catastrophe in Australia, namely the Darwin devastation left by the Cyclone Tracy. Estimates put the insured risk here at about $A250m. to $A300m. On top of this there were the wind storms in the U.S. but this mainly hit Lloyds rather than the company market.

Couple that with the sterling *movements and the effects of* inflation; delays in settling claims during a period of high inflation throws forward projections out of the window, even though the companies try to write in some loading. Combating inflation has resulted in higher premiums and this has brought some companies close to their minimum solvency levels. Small wonder that some *smaller reinsurance companies* have called it a day.

It is imperative for the economy of the country that the U.K. reinsurance sector, and indeed the insurance industry in general, maintain its present position as a world-wide leader. Given the rather depressing trend in the U.K. balance of payments invisible earnings have taken on a far more important *role. Of these invisible* earnings some one-third is provided by the insurance sector.

Certainly the U.K. reinsurance market has much in its favour to overcome these current difficulties. It has a wealth of experience and expertise, accumulated over a number of years, which is widely spread among numerous multi-national companies. Furthermore, its competitive edge must be enhanced by the presence of Lloyds and the links with the brokers. But the threat of these outside factors such as competition and inflation, aggravated by sterling's weakness, must not be taken too lightly.

David Wright

Currency risks threat

THE REINSURANCE industry is at present beset by two major problems—inflation and currency fluctuations. The industry has been plagued by the problems associated with currency movements for as long as it can remember but in recent years its difficulties have acquired new dimensions. At the same time world inflation rates (especially in this country) have reached such an alarming level that some reinsurers are seriously thinking of cutting back their services.

Changing

Mr. C. J. Baker, chairman of the Victory Insurance, summed up the market situation in his recent annual statement to shareholders. He wrote: "As the events of 1974 have so clearly shown, the world-wide insurance industry is by no means exempt from these [inflation and currency] problems, and professional reinsurers therefore have a vital part to play in finding solutions to them. It is not so much that the problems are new as that their scale is rapidly changing. Indeed the rate of change has become so fast that if it were to continue it could jeopardise the future of some classes of reinsurance as we know them to-day."

Mr. Baker's chief concern is with inflation, but linked to this problem is the total instability of many currencies. In recent years there has been a tendency for major trading areas around the world to move away from a fixed-parity system and allow currencies to float freely. Against this background the continued weakness of sterling has been a further aggravation.

The major point at issue for the reinsurer is that unless his liabilities in a particular currency are matched by assets in the same currency, a change in the rate of exchange with the currency in which the reinsurer is resident will tend to leave the reinsurer with a profit or a loss. And given the poor performance of sterling in recent years the general trend is for a reinsurance loss.

To a certain extent the reinsurer is prepared to accept this risk particularly since London is a centre for international insurance. But Mr. Baker lays heavy emphasis upon the fact that the reinsurer should not be compelled to do so. "Exchange control regulations in the U.K. make it difficult for British reinsurers to cover their overseas liabilities with assets in the relevant currencies. In view of the vital contribution made by the insurance industry to the country's overseas earnings it is time that reinsurers were given the necessary freedom to do this."

However, the problems that the reinsurance industry has faced over inflation are even more complex. Its impact on the industry is manifold. It increases administration costs, not only in terms of workforce salaries. And, more damaging, it can in many cases lead to increased claims.

Incidence of first notification of claims

Year	Claims notified %	Claims settled %
1	23	2
2	30	10
3	13	16
4	8	14
5	6	12
6	20	46

For the liability business of the reinsurer the length of time between the occurrence of the claim and the date of its settlement is such that the effect of inflation can be out of all proportion to anything that could reasonably have been taken into account when the risk was underwritten. For reinsurers of excess of loss liability business premiums are received early and claims are paid late, so that the full extent of the liabilities for any underwriting year do not emerge for many years.

The accompanying table shows clearly the extent of the problem. The number of claims notified in the first year of underwriting amounts to just over a fifth of the total, while six years later there are still claims amounting to a fifth of the total. The incidence of settlements is even more steeply loaded against the reinsurer. Some 46 per cent. of claims are not settled until six years after the business was taken on. The statistics are contained in a booklet prepared by the Mercantile and General Reinsurance Company, and are the result of a recent investigation by the group into the delay and notification of claims.

Mercantile and General make the point that the factors behind inflation are complex, and for the reinsurer worth dissecting. It is not easy to determine the exact effect of inflation. Some authorities point to a natural link between the rate at which wages and salaries increase and the rate at which third party claims rise.

At the same time there is a school of thought that believes there is a superimposed inflation, implying that the size of claims is increasing at a rate faster than wages or prices. With the index for wage rates now up close to the 30 per cent. mark, this is a somewhat terrifying thought for the reinsurer.

Obviously there are many factors involved in this problem. Advances in medical science, for example, have prolonged the life of many accident victims while leaving them permanently disabled for work and dependent for the rest of their lives. Almost invariably claims for personal injuries of severity are more expensive than in the event of a fatality; and the differences are even greater in cases where people have no dependents. At the same time changes in the law (both legislative and judicial) can almost overnight substantially increase claim experience for the reinsurance industry.

Index clauses

In order to counter inflation, the industry has been making more extensive use of index or stability clauses. Index clauses attempt to share the unpredictable effects of inflation more fairly between the reinsurer and the ceding company. They started to come into use towards the end of the sixties and by 1970 were in general use though there have invariably been pockets of resistance. In Canada and Australia (too very traditional markets) the inflation problem was initially tackled by a sliding scale of premium rates and certain classes of business have been slow to change to index clauses.

Index clauses have been in operation for sometime on the Continent but they are no real solution to the problem of inflation; they can do no more than mitigate some of the effects on the reinsurer. Victory Insurance believes that greater co-operation between the insurance and reinsurance industries is needed in the compilation and interpretation of statistics for different non-life risks; while Mercantile and General asserts that inflation is demanding, more than ever, a sound rating policy.

Jeffrey Brown

Specialist brokers

SINCE REINSURANCE is essentially a transaction between two sets of insurance professionals, it might seem incongruous that they should need intermediaries — the obvious question being "Why don't companies deal directly between themselves?" There is no short answer to this and there certainly seems to be an increasing volume of business for the majority of large brokers have reinsurance divisions and it is estimated that there are about 100 members of the Reinsurance Brokers Association. The latter was formed in 1969 as an offshoot of the Corporation of Insurance Brokers to enable the reinsurance brokers to speak to the Reinsurance Offices Association with a united voice on matters of mutual concern. It includes several specialist firms of brokers who do nothing else but reinsurance.

The underlying principle of reinsurance is the spreading of risk between companies and the obvious reason for the expansion of the business is the increasing size of the risks involved. Lloyd's of London is the world's biggest reinsurance market, but it is not just a question of Lloyd's reinsuring the rest of the world. The reinsurance brokers emphasise that it is a two-way traffic, with the result that reinsurance is responsible for the largest amount of foreign business introduced by brokers.

Sharp end

The brokers are really at the sharp end of the business and a greater professional standard is required from a reinsurance broker than an ordinary broker, essentially because he is dealing only with professionals. He earns more than his contemporary on the ordinary broking side and travels a lot more in the interest of getting business into the London market. He is more likely to speak a foreign language than a typical broker and the bigger brokers have overseas offices, dealing mainly with reinsurance. These are evident in most of the major industrial areas (especially the U.S.), but more recently there has been a drive to open up in the Middle East.

It is really this international network of connections which establishes the need for the reinsurance intermediary. Whereas on the life reinsurance side the tradition is to deal direct, on the non-life side there might be several reinsurers involved. The broker's function is the traditional one of placing the business to get the maximum cover for the minimum cost commensurate with safety. For example, reinsurance brokers play a large role in the developing companies where the local insurance companies (perhaps nationalised) are unable to bear the total risks themselves and need professional help to reinsure on an international basis.

Reinsurance brokers also assist materially in claims settlements—the classic example here being the Darwin cyclone disaster, a high proportion of which was reinsured in the London market. Most of the reinsurance brokers involved sent people out to Australia to assist in setting up a fund for distribution. It is probably right to say that in general the reinsurance agent is a secondary factor but can be useful where collection is involved.

One gets varying views from different brokers, of course. Sedgwick Forbes, for example, said that its traditional reinsurance business was mainly U.K.-orientated and territorial importance was an individual matter. They wished to expand in Europe as their next major step and it was intimated that it was really the smaller brokers who had to put on their walking boots and go further afield into the developing territories. The point about the developing areas of the world is that the business takes longer to become profitable because of the greater technical service which the reinsurance broker has to provide to companies of less sophistication.

SF also brought up the point that there are a number of areas where the reinsurance intermediary is virtually indispensable. Where "reciprocal exchange" is concerned, for example, a Latin American company which wished to offer its reinsurance treaty for exchange throughout the world (with the hope of getting good business back) would probably come to London to establish the link. To do it any way other than through a clearing house arrangement would be very expensive and time-consuming. The same applies to large "excess of loss" contracts which have to be marketed widely. Perhaps the proof of indispensability is that most of the big U.K. companies use reinsurance brokers on this class of business.

Volume

One point about the whole field, however, is that it is a major growth area, with world-wide inflation fuelling the volume of risks which need to be reinsured. The growth is mainly in what is called "non-proportional" business where the reinsurer steps for business over a certain amount. Proportional business is where the reinsurer will reinsure a certain percentage of the whole account.

Administratively the non-proportional business is much easier to organise. Much of the insurance intermediary's function is concerned with oiling the wheels rather than adding complications which is why an overseas broker may have the facility to provide "instant reinsurance cover" on known classes of risk—rather like getting a temporary cover note on a motor car.

The reinsurance broker has also been responsible for a number of innovations in the insurance field, although these tend to be rather complicated for the layman. But one such is the "aggregate liability extension" which is basically taking various types of reinsurance, putting them together and settling on an aggregate basis.

The basic function of the broker, however, is not to advise the company on how much reinsurance it ought to take but to give specialised information on where to place the reinsurance and what they ought to expect to pay. Naturally commission rates are lower in reinsurance than in the ordinary broking field since the volume is much greater and the expenses for the broker are lower eventually.

In fact there is more than an element of mystery about reinsurance simply because it is conducted at the highest levels in companies and this mystery also tends to surround the reinsurance brokers. At least this is what the reinsurance brokers reckon that their ordinary counterparts think about them. It is also difficult to get any overall figures on the volume of business done—the RBA does not produce any at the moment and has no immediate intention of doing so.

Christopher Hill

Backing for life business

THERE MUST be very few people who have never heard of life insurance even if they do not deem it necessary for themselves. But I would venture that very few readers outside of the industry have ever heard of life reinsurance underwriting, even though a small slice of those reading may be covered by reinsurers. How many readers believe that life insurance is unobtainable because of some medical condition? Yet a reinsurer might be able to arrange cover.

So who are these mysterious faces in the shadow of the insurance representative on the door-step? There are, in fact, several reinsurance life companies within the U.K., the principal ones of which are Mercantile and General (a subsidiary of the Prudential). Victory Insurance (a subsidiary of Legal and General). Swiss Reinsurance, and British and European Insurance. However, the reason for the general low profile image regarding the public is because they never deal direct with the public, but their service is solely orientated towards the life companies.

Laid off

Their operations are similar to that of any other underwriter in that they assume part, or the whole of the risk, which has been "laid off" by the insurer. The risk may be of proportions that the reinsurer will happily undertake on his own, that is, it falls within his "limit of retention." Or, if the sums concerned are considerable, he will place the business around the market, mainly with other life offices, but sometimes with other reinsurers as well.

In a nutshell there are two reasons why business comes to the underwriter in the first place. First, the insurer will seek reinsurance if the sheer size of the sum to be insured is beyond the insurance company's limit of retention (which can be defined as the maximum liability an office will entertain in the event of the death of an individual having regard to certain conditions such as the age of the insured, the type of policy and any existing policies).

For example let us assume you have an existing endowment policy with XYZ company for £15.000 taken out, say, 15 years ago, and you want to take out a further policy for £40.000. Suppose the limit of retention for your age group for this particular office was £30.000. XYZ company would not just add the two sums together (£15.000 and £40.000) because XYZ's liability on the older insurance is reduced.

The original contract has been in force for 15 years and you have built up a considerable reserve, say £10,000, so that XYZ's liability is limited to the balance of £5,000 plus the new sum of £40,000. Assuming that there is no reason why XYZ should enter into a new contract with you on medical grounds, XYZ would take up the new contract bringing its total liability to £45,000, but as the retention limit is £30,000 some £15,000 would have to be laid off with a reinsurer. But of course as far as you are concerned XYZ is the one providing you with £55,000 of cover.

The second reason why business would be placed with an underwriting reinsurer is because the proposer is "below standard" as a risk in some way, and this is normally on medical grounds. Of course an individual might be a bad risk on occupational grounds but most life offices have terms of reference for all occupations, although new jobs, such as men on the oilrigs might cause an office to turn to a reinsurer for guidance.

The reinsurer is normally internationally orientated, and so he gets a much broader experience on which to base his decisions. Also, virtually every case he looks at is a problem case of one sort or another so he becomes much better conditioned to taking on the unusual, unlike many of his contemporaries in life offices, dealing in a local market with 90 per cent. of the proposals fairly straightforward.

All this often amounts to the reinsurers spurring the life offices to new levels of acceptability of risk, although this in no way is intended as a slight on the underwriting techniques of the ordinary offices who of course also have their own experts. However, it must point to something when one sees that at least one reinsurer runs training schemes attended by underwriters from life offices.

There are two ways in which business is placed with a reinsurer, firstly on a "facultative" basis or secondly by the "treaty" method. To come back to our earlier example the XYZ insurance company had to lay off £15.000 and if it did this by the "facultative" method the reinsurer would have the option of accepting or declining.

The facultative method is one of long-standing where the excess is "hawked" around the market, but has the disadvantage that it is time-consuming in that all the relevant documents such as medical reports have to be presented to each individual office, and the principal office cannot issue an acceptance until all the offices concerned have consented. Furthermore, at the end of the day the principal office may have found itself unable to lay off as much as it had originally intended to.

The treaty method has gained prominence over the former method. This is where an agreement is signed by a life office with one or more reinsurers to automatically lay off and accept in turn amounts up to pre-arranged limits. So in our example the reinsurer would automatically be committed to accepting the £15.000 excess of XYZ's limit of retention. However, if the amounts involved exceeded the agreed levels the business would have to be conducted on a facultative basis.

Medical

As I indicated earlier the reinsurer becomes involved when the size of the liability is too large, or because the proposer is sub-standard in say a medical way. Reinsurers have made sweeping in-roads into insurance for medically under average individuals. For example, diabetics were generally considered uninsurable before the war and Mercantile and General were perhaps the pioneers of insurance for diabetics with its "Diabetic Pool" in 1949. This was followed up by a "Blood Pressure Pool" in 1953 and a "Coronary Pool" in 1957.

Now of course it is possible to get life cover no matter what medical conditions and history, assuming of course the proposer has more than a chance of living to the end of the term of the contract. With full medical reports, including X-rays and electrocardiograms, and family medical history, reinsurers can quote terms for most proposers, even cases of cancer where successful operations have only been carried out a couple of years previous.

On top of medical condition where the sums concerned are sizeable, U.K. reinsurers are following the trend of the U.S. and looking at the proposer's financial status. This is particularly important where the proposer is a member of a partnership or perhaps a "key man" firm.

Not only can the financial status of a man affect his health, but it can in extreme cases lead to an untimely death by suicide. Such financial investigations are all above board and with the proposer's consent. For example, statements might be required from the firm's accountants, auditors and bankers. Such are the broad aspects that the underwriter must consider.

To sum up, life reinsurance underwriters are taking on what the ordinary life offices are unwilling to insure. Of course the individual pays for the extra element of risk in the form of higher premiums, but this should not deter as in most cases the premiums are not excessive to the cover and conditions. The reinsurer has to have his commitments balanced to what is in effect underwriting over fixed term policies the mortality rate. As one underwriter put it, "just because the proposer is a bad risk he is not going to automatically die within the period of the term of insurance"

Terry Garrett

The developing world

THE ROLE of the reinsurance industry in the developing world has been changing in the past few years as more and more countries build up their own insurance industries, but there is still a considerable need for the expertise and experience of reinsurance brokers.

For even though many countries now have their own insurance and reinsurance companies there are still a large number whose economies are not broad enough to support reinsurance companies able to meet in full the large "catastrophe" claims that may arise. Thus reinsurance brokers in London and elsewhere still have a major role to play as "reinsurers of reinsurance," particularly where large claims—for instance, a jumbo jet disaster or a hurricane—are concerned.

In essence the job of a reinsurance broker is to find a reinsurer willing to shoulder risks which the original insurer, for one reason or another, does not wish to run himself. In the case of Mauritius, for instance, where every few years storms do considerable damage to the crops on which the economy largely depends, local insurance interests need to reinsure outside if they are to be sure of meeting claims in full.

Example

Larger countries also need the security that comes from reinsurance, particularly if they are to meet sudden large claims that they can themselves only pay in part because of the size of the local industry. Nigeria is a good example of such a country where there has been rapid development of the local insurance business in conjunction with a rapidly expanding economy.

Nigeria has over 100 insurance companies, with a national insurance company as well as smaller State companies and it has also formed a national reinsurance corporation which will act as the channel through which all Nigerian reinsurance business will be directed. In this way the State retains as much as possible of the income from insurance and reinsurance.

The Nigerian approach to the issue is fairly typical of the way the problem has been dealt with in many developing countries. India, for instance, has a State reinsurance corporation and so does Brazil and all reinsurance goes through them, but they in turn reinsure a proportion of their liability on the world market, very often through London.

So, as more and more "lower level" reinsurance is done by local insurance industries, the larger business is still being reinsured in the world market and it is here that reinsurance brokers feel they have much to offer—as intermediaries finding underwriters and companies prepared to take on the risks in the right way and at the right price. "No one is in a better position than a broker to calculate what form reinsurance ought to take, how it should be financed and how it should be packaged," said one senior broker.

Lloyd's underwriters have pioneered various types of "catastrophe" insurance, but they also have an extensive knowledge built up over many years of business in widely differing parts of the world and an extensive network of contacts. They have increasingly been sharing this experience with local companies in the developing world whose staff have in many cases come on courses to London or have been attached to London broking firms for periods of time.

A report tabled by the UN Conference on Trade and Development highlighted some of the key problems facing the reinsurance industry in developing countries. It put particular emphasis on the need for security, continuity and cost and in all three areas reinsurance brokers feel they have a good deal to offer.

The one part of the developing world which needs to be looked at particularly closely at the moment of course is the Middle East, where the current rash of industrial, commercial and housing projects has led to a surge in demand for all types of insurance and reinsurance.

Here, as elsewhere, there is great emphasis on the need for a strong local insurance industry. A number of States are making it almost impossible for foreign companies to have anything more than a minority interest in new ventures. Kuwait and Abu Dhabi, to take only two examples, have formed their own reinsurance companies and the recent Arab Insurance Conference at Tunis endorsed the setting up of a regional Arab Reinsurance Company.

There is a substantial need still for reinsurance from outside the area and this must be so for the foreseeable future. With this in mind, brokers have wasted no time in offering their services to clients in the Middle East. "The only person you can be sure of meeting in the Gulf now is another insurance broker," one said ruefully.

There is already a good deal of local expertise in the insurance industry in the Middle East, with Egyptians, Iraqis and Jordanians particularly skilled in the business. A number of British brokers and companies have formed partnerships with Arab interests which are being speedily developed.

Apart from competition from other brokers, reinsurance brokers also have to co-exist with the major reinsurance companies in Europe and elsewhere. These companies are able to offer to underwrite reinsurance on the spot and also can afford to offer the services of advisers and experts as part of the package, but the brokers believe they cannot always be as flexible as they are.

Reciprocity

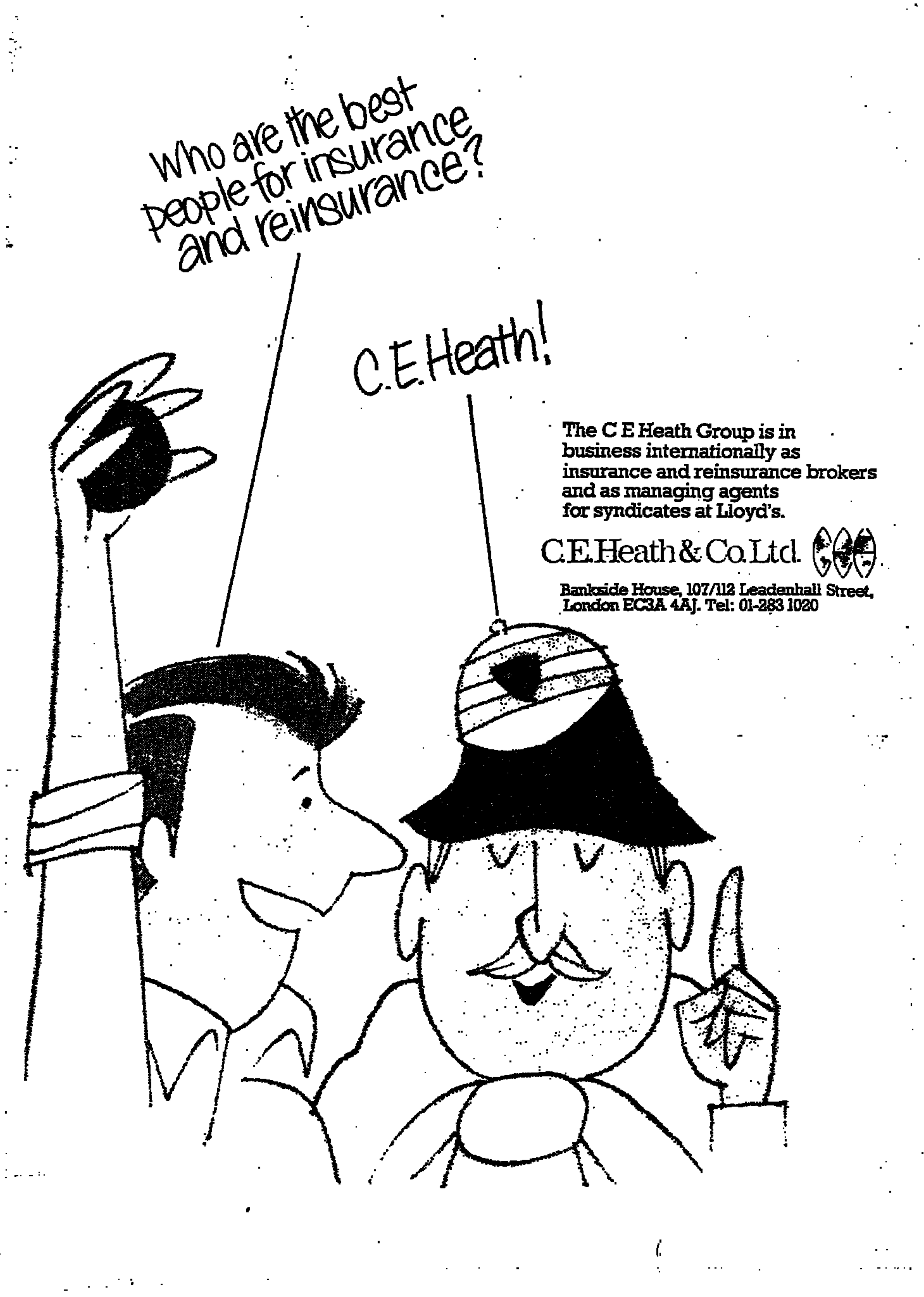
Reinsurance brokers are also able to offer insurance companies in the developing world the promise of reciprocity or "inward business." Setting up an insurance company in a developing country is a business expensive enough to make it usually impossible to try to obtain business from outside. Reinsurance brokers say they should be able to bring overseas business into a developing market and to bring greater "balance" to a new company by putting its accounts on a wider and more international base. Increasingly brokers are taking insurance business "back the other way" and thus answering the criticism that it too often has been a "one-way traffic."

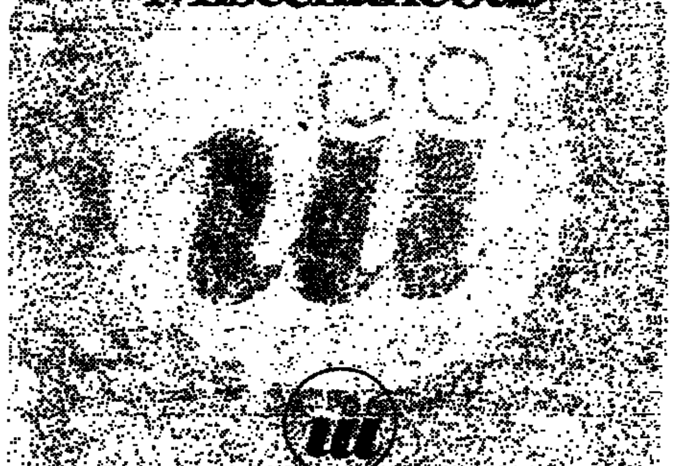
In the past few years the complications of dealing in different currencies have increased as fixed exchange rates have given way to floating ones and devaluation has altered relationships between currencies. In the past year this has been compounded by inflation, which has made it more important than ever to get acturial calculations correct. Here again the experience of insurance and reinsurance brokers is of great benefit to nascent insurance industries in the developing world.

Happily, although the proportion of local insurance business in most developing nations which is reinsured by brokers has been declining, the value of London reinsurance business has been growing as the world-wide demand for insurance of all types has increased. The falling off of "lower level" business has left Lloyd's brokers dealing with the larger types of claims, a business which they know well and at which they believe they have no equal in the rest of the world.

Certainly with many brokers spending as much as half the year travelling the world in search of new business they can fairly claim to be among the most internationally minded of any British businessmen.

David Bell





APPOINTMENTS

CJA RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No.887374

A challenging position—opportunity to become Financial Director in 24-36 months + share option.

FINANCIAL CONTROLLER
LONDON **£7,500 — £10,500 + car**

RAPIDLY EXPANDING INSURANCE COMPANY—SUBSIDIARY OF MAJOR GROUP

This new vacancy calls for Accountants (C.A. or A.C.A.) aged 27-35 who have a record of at least 18 months' senior management accounting experience in a commercial environment and preferably in the insurance industry. The successful candidate will report to the Managing Director and be totally responsible for the whole accounting function including forecasts, budgets and further computerisation of systems through a competent accounting team of 20 and to interpret and report in concise form on accounts and statistics. Initial salary negotiable £7,500-£10,500 + car; contributory pension; free life assurance; assistance with removal expenses if necessary. *Applications in strict confidence, under reference FC3620/FT, to the Managing Director:*

Prospects to advance to position of Assistant General Manager in the short term

CREDIT OFFICER
CITY **£9,000 — £11,000 PLUS**

INTERNATIONAL CONSORTIUM BANK

We invite applications from Bankers aged 28-34 who must have gained at least 5 years' practical experience in an international banking environment. The successful candidate will be responsible for servicing existing client business, related mainly to medium term Eurocurrency loans, analysis of present and new credits and the drafting of necessary documentation. He will *have to head up, train and lead a team of young credit executives. Limited overseas travel may be necessary* and candidates must have a flexible, mature confident manner as well as a high level of commercial awareness. Initial salary negotiable £9,000-£11,000 plus; subsidised mortgage; non-contributory pension scheme, free life assurance and free B.U.P.A. A further Manager vacancy with similar but lower level of responsibility also exists, with a salary negotiable circa £7,500 with the same fringe benefits. Applications in strict confidence under references CO3621/FT and Manager M3622/FT to the Managing *Director:*

A challenging and demanding appointment with opportunity to acquire valuable commercial experience and to advance to a more senior management position.

FINANCIAL CONTROLLER
CITY **£6,500 — £7,500**

SHIP MANAGEMENT DIVISION OF A MAJOR INTERNATIONAL ORGANISATION—T/O IN EXCESS OF £50 MILLION

This vacancy arises through *promotion and we invite applications from qualified Accountants* (C.A., A.C.A., A.C.C.A. or A.C.M.A.), aged 25-30, with a minimum of 3 years' post qualification experience. The successful applicant will be responsible for a department of 15. As part of a technically qualified ship management team he will work closely with the Managing Director and with senior ship managers ashore and afloat on a number of assignments. A major proportion of the work will be non-routine. Occasional overseas travel will be necessary. The ability to communicate with personnel at all levels is essential. Other necessary qualities are the appreciation of computerised systems and a practical approach to business problems. Initial salary £6,500-£7,500. Applications in strict confidence under reference FC3619/FT to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH. TEL: 01-588 3588 or 01-588 3576. TELEX: 887374.

SENIOR ECONOMIST

A leading firm of stockbrokers wishes to recruit a top flight General Economist to expand the firm's existing commitment in the area of economic research. The ideal candidate will have a strong qualification in Economics from a major university. He may currently be working in industry or with a financial institution. His chief challenge will be to provide for institutional investors original and creative work relevant to both the Gilt and Equity markets. The opportunity and the rewards available will be particularly attractive to a self-starter, capable of putting forward ideas and ambitions to enhance his standing in the profession. Salary by negotiation.

All applications will be forwarded direct to our client. Please indicate in a covering letter any firms to whom you do not wish your applications to be sent.

Please send full details of professional background and career to date, quoting ref. 773, to:

W. L. Tait,
Touche Ross & Co.,
Management Consultants,
27 Chancery Lane,
London, WC2A 1NF.
Tel.: 01-242 9451.

LIBRA BANK LIMITED

Libra Bank Limited requires a Confirmations/Settlements Clerk aged 18+ to work in the Foreign Exchange Dept.

Salary £1,900 plus Luncheon Vouchers, Pension Scheme and free Life Assurance.

Applicants interested in this position should write for an Application Form to:

1 London Wall, London, E.C.2
or telephone Miss Sarbutt on 01-606 5511
for an appointment.

DOCUMENTATION CLERKS with Shipping or Commodities experience. £3,000-£4,000 p.a. plus. Also trainees. Charterhouse Appointments. 01-836 2377.

INVESTMENT CLERK. Young man, 18-20, with City background to assist in the general clerical work in our Investment Department. 'O' levels in Mathematics and English are essential. Please write *or telephone Mr. J. Lawder (ADC 41/75) The Union International Co. Ltd.*, 14 West Smithfield, London EC1A 9JN. 01-248 1212, Ext. 421.

GOURMET

GALLIPOLI RESTAURANT off Old Broad Street, EC2. Open every day for lunch, dinner and dancing until 3 a.m. Cabaret twice nightly 10.30 p.m. and 1 15 a.m. Mon to Sat. £5.25. Tel. 588 1922.

APPOINTMENTS WANTED

ACCOUNTANT—OVERSEAS APPOINTMENT
Qualified Accountant with industrial and consultancy experience available to undertake an assignment overseas for a period up to one year. Preferred areas Middle East and Iran. *Please write Box T.4137, Financial Times, 10, Cannon Street, EC4P 4BY.*

MEMBER DEALER
Aged 32 fully experienced all U.K. markets seeks responsible and rewarding position with member firm. Write Box T.4138, Financial Times, 10, Cannon Street, EC4P 4BY.

YOUNG MAN, 28, ex-Managing Director (not technical) of small construction, finance and property group is now seeking an opportunity outside the U.K. to use his drive, enthusiasm and entrepreneurial instint to best advantage. —Write Box T.4136, Finanlal Times, 10, Cannon Street, EC4P 4BY.

GERMAN STUDENT (English speaking), *fully qualified cook, would like to work* on a drilling rig in the North Sea from Aug. to Nov. Write Box F.297, Financial Times. 10, Cannon Street, EC4P 4BY.

CONTRACTS AND TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
Ministère de l'Industrie et de l'Energie
Société Nationale de l'Electricité et du Gaz
SONELGAZ

International invitation for Preselection to Tender

JIJEL STEAM GENERATING STATION

SONELGAZ is to construct a Steam Generating Station with a seawater cooling system on an undeveloped site in the region of Jijel (eastern Algeria). The plant will comprise 3 or 4 units of 160 MW each, the principal fuel being natural gas.

The plant will be considered as one single entity to be put into operation at the end of 1979.

Documents outlining tender conditions for companies interested in putting forward their applications may be obtained from the following addresses as from May 15, 1975:

SONELGAZ — Direction de l'Equipment Electrique, Département "Moyens de Production Thermiques et Hydrauliques", 2 boulevard Salah Bouakouir, ALGIERS (Algeria). Telephone: 64.64.37

SONELGAZ Paris Office — 148 boulevard Haussmann, 75008—PARIS (France). Telephone: 924.91.86/88

Sealed Tenders are invited by the DGS & D. Parliament Street, New Delhi (India) against Tender No. P 107 49 747/25.3.75 for the supply of six M.T Ferro Tungsten *Lamps as per specifications in the Tender* document, copies of which can be obtained from India Supply Mission, India House, Aldwych, W.C.2 on payment of £1.35 per copy, quoting reference No. CC 35-13-75 ISM.

The tenders will be opened at 10.00 a.m. on 24.6.75 in the office of D.G.S. & D., New Delhi (India).

Foreign Exchange is available for only 25% (1.5 MT) quantity. The balance 4.5 MT will be purchased from indigenous manufacturers.

Sealed Tenders are invited by the DGS & D. Parliament Street, New Delhi *(India), against Tender No. P220 49 950-*596 10-12-74 25.3.75 for the supply of spare Rolls for rolling mill, forged steel rolls for rolling coinage metals, etc. of various sizes as per specifications in the Tender document, copies of which can be obtained from India Supply Mission, India House, Aldwych, W.C.2 on payment of £1.35 per copy, quoting reference No. CD 35/121/75 ISM.

The tenders will be opened at 10.00 a.m. on 27.6.75 in the office of D.G.S. & D. New Delhi (India).

CORPORATION LOANS

13% — INVEST IN HUNTINGDON DISTRICT COUNCIL BONDS. Repayable 30 September 1977. Details from Huntingdon District Council, Finance Department, Castle Hill House, Huntingdon. Tel. (0480) 54337 ext 29

COMPANY NOTICES

EDWORKS (1936) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE OF GENERAL MEETING
Notice is hereby given that a general meeting of the company will be held at the company's registered office 1-5 Sonpers Road, Port Elizabeth on Wednesday, 9th July, 1975, at 11.00 a.m. At such meeting, the following resolutions will be considered and, if deemed fit, passed with or without modification. Resolution no. 1 will be proposed as a special resolution.

1. Special Resolution
That the company's nominal capital be increased from R1 400 000 (divided into 3 500 000 "A" ordinary shares of 10 cents each, 2 500 000 ordinary shares of 10 cents each, 350 000 6% cumulative preference shares of R2 each and 50 000 7% cumulative preference shares of R2 each) to R1 430 000 by the creation of a further 300 000 ordinary shares of 10 cents each.
2. Ordinary Resolution
That the directors of the company be and they are hereby authorised to issue up to a maximum of 300 000 ordinary shares in the unissued capital of the company to the Trustees of the company's employees share trust which was created by means of a Trust Deed dated 23rd May, 1975, between the company and R. M. Randall and R. Hofman as the first trustees. Such shares shall be issued on the basis that the holders thereof shall not be entitled to receive any dividends thereon until the shares in question become ordinary listed shares of the company.
3. Ordinary Resolution
That members of the company do hereby approve the terms and conditions of the employees share trust constituted by a Deed of Trust entered into between the company and R. M. Randall and R. Hofman, as the first Trustees and dated 23rd May, 1975.

By Order of the Board.
D. H. EDGE, Secretary.
9th June 1975.
Port Elizabeth.

BERJUNTAI TIN DREDGING BERHAD
(Incorporated in Malaysia)
The Transfer Books will be CLOSED from the 2nd to 4th July, 1975, both dates inclusive.

KRAMAT TIN DREDGING BERHAD
(Incorporated in Malaysia)
The Transfer Books will be CLOSED from 2nd to 4th July, 1975 both dates inclusive.

Business Finance

A NEW OPPORTUNITY IN BUSINESS FINANCE AT LECTURESHIP LEVEL has been created in the Department of Business Studies at the University of Edinburgh. This Department forms the Edinburgh nucleus of the Scottish Business School and, as such, offers a wide variety of teaching experience. There are also opportunities for research and consultancy.

Applicants should have had practical experience of the financial world as well as the appropriate academic and professional qualifications. Knowledge of international finance would be a further asset.

Enquiries and applications, with curriculum vitae, should be sent, not later than 20th June 1975, to Professor Norman Hunt, CBE, Department of Business Studies, University of Edinburgh, 50 George Square, Edinburgh EH8 9JY. Please quote reference 1027.

PHILLIPS & DREW
INVESTMENT RESEARCH
ECONOMETRIC FORECASTING

Phillips & Drew have an appointment in their Investment Research department for a young graduate Economist/Econometrician, whose main functions, initially, would be to help revise and update periodically their computer model and to assist in presenting economic forecasts for the U.K.

Applicants should be conversant with quantitative analysis and computer techniques, and have some experience of writing computer programmes, ideally in the Basic or Fortran languages.

A person straight from University would be considered, to join the firm at the latest in September, but preferably in July/August.

The salary will be competitive with excellent prospects and, in addition, there is participation in a profit sharing scheme. The firm's pension fund is contributory.

Applications to:
The Staff Manager,
PHILLIPS & DREW (Stockbrokers),
Lee House, London Wall, London EC2Y 5AP

SHORT LOAN & MORTGAGE CO. LTD.

Announce that they have moved to more spacious premises at

4 CITY ROAD, FINSBURY SQUARE, LONDON EC1 Y2AU

and invite applications from:

STERLING INTERBANK AND C.D. DEALERS

which will be treated in the strictest confidence

Write in first instance to the Managing Director
MR. N. H. WOOLLEY
at the above address.

RAND MINES, LIMITED
DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that DIVIDENDS have been declared payable to shareholders registered in the books of the undermentioned companies at the close of business on 27th June, 1975, and to persons presenting the appropriate coupons detached from bearer share warrants. The dividends on share warrants to bearer will be paid in terms of a notice to be published later by the London Secretaries of the Companies.

The dividends are declared in South African currency and the rate of exchange at which the dividends will be converted into United Kingdom currency for payment of dividends from the office of the London Secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 28th June, 1975 on which foreign currency dealings are transacted.

On or about 4th August, 1975, warrants will be despatched by the share transfer office in Johannesburg to addresses in Africa south of the Equator and from the share transfer office of the London Secretaries to addresses elsewhere. Unless instructions, which will necessitate an alteration in the office from which payment is to be made, are accepted by the companies on or before 27th June, 1975, payment will be made in accordance with existing instructions. Any request by shareholders for a change in the office of payment from within to outside the Republic will require the approval of the South African Exchange Control Authorities. Other changes of instructions to apply to these dividends must be received by the companies not later than 18th July, 1975.

In terms of the South African Income Tax Act No. 58 of 1962, (as *amended). Non-Resident Shareholders' Tax of 15% will be deducted by the* companies from dividends payable to shareholders whose addresses appear in the share registers of the companies as being outside the Republic of South Africa on the date on which the books are closed for purposes of the dividends.

The register of members of each company will be closed from 28th June to 6th July, 1975, both days inclusive.

NAME OF COMPANY (Each Incorporated in the Republic of South Africa)	Dividend Number	Coupon Number	AMOUNT PER SHARE South African Currency—cents
Blyvooruitzicht Gold Mining Company, Limited	59	—	50
Durban Roodepoort Deep, Limited	109	109	20
East Rand Proprietary Mines, Limited	111	112	25

Office of the London Secretaries:
Charter Consolidated Limited,
40, Holborn Viaduct
EC1P 1AJ.

By Order of the Boards.
D. F. L. WATT
Administrative Manager and Secretary.

Share transfer office of the London Secretaries:
P.O. Box No. 102, Charter House,
Park Street, Ashford, Kent TN24 8EQ.
9th June, 1975.

Fred.Olsen Ltd.
FINANCIAL MANAGER

Location: London

Fred. Olsen Limited have a vacancy for a Financial Manager to assist the Financial Director over a wide range of duties, including negotiating facilities contracts, money market activities and company secretarial duties.

The successful candidate will be between the age of 25-30 and will have had experience in a Merchant Bank, dealing with foreign exchange and corporate financing. There will be excellent remunerations and opportunities for advancement within the group.

Write with full particulars to: Mr. C. W. Clarke, Fred. Olsen Ltd., 33/34 Bury Street, London EC3A 5AT.

CHARTERING MANAGER—£10,000

American-owned shipping company is seeking a high-powered executive to head up its team handling short and long term charters in bulk cargoes and oil tankers.

The company is heavily finance orientated and seeks a top operator in today's market.

BLIGH APPOINTMENTS — 01-828 6722

THE PAINLESS WAY TO FIND A
SENIOR SECRETARY

If you need a PA Secretary, a girl with the Right Background and qualifications to assist you in your work with smooth efficiency, then you also need a high calibre service to interview and short list applicants for you.

Please ring Sallyann Phillips on 629 5747, the
SPECIAL APPOINTMENTS DIVISION OF ADventure

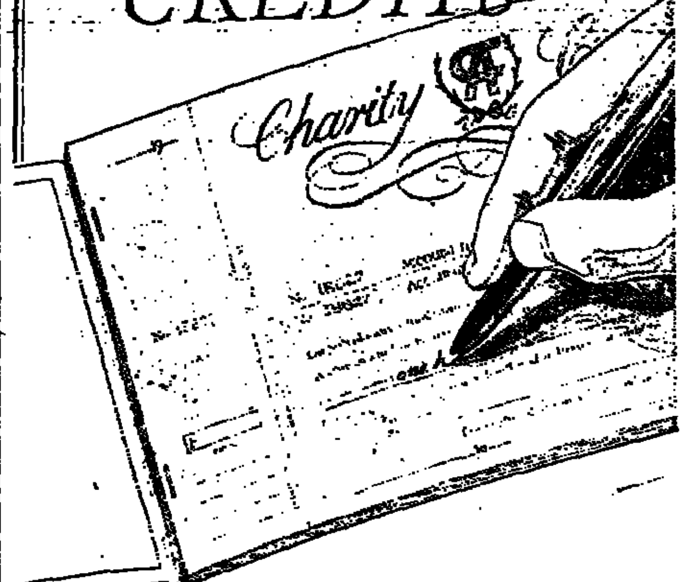
Ford
BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 10 April 1975, NOTICE is now given that the following DISTRIBUTION will become payable to Authorised Depositaries on or after 12 June 1975 against presentation to the Depositary (as below) of Claim Forms (obtainable from the Depositary) listing Bearer Depositary Receipts.

Gross Distribution per Unit	3.00 cents
Less 15% U.S. Withholding Tax	0.45 cents
	2.55 cents per Unit
Converted at $2.32	=£0.010991 per Unit

DEPOSITARY
National Westminster Bank Limited,
STOCK OFFICE SERVICES,
(2nd Floor),
41 LOTHBURY,
LONDON, EC2P 2BP.
6 June 1975.

CHARITY CREDITS



★ Write them like a cheque
★ make *every* penny you give to charity worth at least half as much again

When you have an account with the Charities Aid Foundation, you will be able to make *all* your charity donations out of tax-privileged income.

As a result, you will be able to give half as much again or more without it costing you one single extra penny.

Even when a charity comes to the door you can make *use of your tax-privileged account with the Charities Aid* Foundation simply by writing out a Charity Credit (it's just like a cheque) and handing it to the collector, or putting it into the collecting box.

If everyone who gave to charity would give from tax-privileged income, the value of charitable donations would increase enormously, and charities would be able to solve many of their financial problems.

And, it would cost the donors not one penny more.

To find out more about Charity Credits and the other ways in which you can make your giving more effective, please post the coupon. We will be pleased to send you the booklets you require.

To Charities Aid Foundation — 48 Pembury Road, Tonbridge Kent TN9 2JD

Please send me the following booklets:-
- THE FACILITIES OF THE CHARITIES AID FOUNDATION — A guide to methods of giving to charity
- TRUST FACILITIES — A guide to those who wish to give capital to charity
- GIVING TO CHARITY FROM INCOME — *A guide to individual donors*
- THE BUSINESS SIDE OF GIVING TO CHARITY — A guide to Company Directors
- CHARITY CREDITS — An explanatory leaflet
- DEEDS OF COVENANT — Their preparation and administration

Name ____________________
Address ____________________

PLEASE USE BLOCK LETTERS

CHARITIES AID FOUNDATION
Specialists in the administration of tax-privileged funds for charity A

EVANS EMPLOYMENT AGENCY LTD.
can offer a number of interesting and progressive positions to
STOCK EXCHANGE CLERKS
Any inquiries will be treated in the STRICTEST CONFIDENCE
Apply:
EVANS EMPLOYMENT AGENCY LTD.
15 Copthall Avenue, E.C.2
01-628 0985 — Mrs. Hicks, Mrs. Howell

STORAGE SYSTEMS APPLICATION ENGINEER
Field sales position in San Francisco, California, U.S.A., for person with strong background in modern shelving and storage *rack systems. Excellent opportunity with growing distributor. Send resume and letter stating what you can offer to:*
SAN JOSE SYSTEMS,
1746 C Junction Avenue,
San Jose, California 95112, U.S.A.

A CAREER BANKER
CREDIT ANALYSIS £2,400+

A well known finance company, subsidiary of a major international bank, seeks a young man in his early 20's to be trained as a Credit Analyst. This work involves reading and investigating balance sheets of companies who are potential borrowers, so previous experience in banking, accountancy, investments etc., would be ideal. *Call Jonathan Hickling, 584 6362.*

CRIPPS SEARS & ASSOCIATES

TORAY INDUSTRIES, INC.
(formerly Toyo Rayon Kabushiki Kaisha)

S. G. WARBURG & CO. LTD. announce that a dividend of Yen 3.00 per share has been paid to shareholders on the books of the above Company as at 31st March, 1975, in respect of the six month period ended on that date.

Holders of Bearer Depositary Receipts issued by S. G. Warburg & Co. Ltd., may present Coupon No. 24 for payment forthwith at S. G. Warburg & Co. Ltd., Coupon Department, St. Albans House, Goldsmith Street, London, EC2P 2DL or at Banque Internationale a Luxembourg, 2 Boulevard Royal, Luxembourg, subject to deduction of Japanese Withholding Tax and United Kingdom Income Tax (if any) at the appropriate rates. Details of tax deduction can be obtained from the *Paying Agents.*

S. G. WARBURG & CO. LTD.
as Depositary.
10th June, 1975.

RANSOMES SIMS & JEFFERIES LIMITED

NOTICE IS HEREBY GIVEN that the Transfer REGISTER for the Debenture Stock will be CLOSED from the 12th to the 26th June, 1975, both dates inclusive, for the preparation of interest warrants.

By Order of the Board
C. P. BOOTH, Secretary.
Nacton Works, Ipswich.

WEST COAST ASSOCIATED TANNERIES LIMITED

NOTICE IS HEREBY GIVEN that the Register of the 5½% Cumulative Redeemable Preference Shares of the Company will be closed for one day on June 16th, 1975 for the preparation of the Dividend Warrants payable on June 30th, 1975.

By Order of the Board,
C. SLATER, Secretary.
The Tannery,
Millom,
Cumbria, LA18 4LT.

Further losses in reduced trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 9.

FURTHER SMALL losses were recorded in reduced trading on Wall Street to-day, when analysts said there was a feeling the Stock Market has run too far ahead of the economic recovery.

At 1 p.m. the Dow Jones Industrial Average was off another 1.80 at 837.84, after dipping 3.59 to 836.05, while the NYSE All Common Index dipped a further 20 cents to $48.99. Trading volume dropped 2.23m. shares to 11.93m., compared with 1 p.m. last Friday.

Analysts said growing sentiment that the U.S. recovery from recession will be slower than predicted is depressing several

Closing prices and market reports were not available for this edition.

issues, particularly "growth stocks," but indications that long-term interest rates may be declining is aiding others, particularly Utilities.

Severay major Banks cutting their prime rates to 7 per cent. from 7¼ per cent. was another positive influence, they said.

First National City Bank cut its prime rate to 6¾ per cent. last Friday, a move no other major bank has yet followed.

General Dynamics jumped $5 to $53¼ after a delayed opening. the Aerospace firm was awarded a $2,000m. contract for its F-16 fighter plane from four Nato Member Nations.

United Technologies rose $2¾ to $56⅞—its Pratt and Whitney unit will supply engines for the F-16.

Menasco Manufacturing, a producer of aircraft landing gear, gained $1½ to $13¾, while TRE Corp., a maker of aircraft engine parts, moved up $1¼ to $11¼.

Actively-traded G. D. Searle lost $1¾ to $18—the company said two of its hypertension drugs are safe.

LTV dipped $1¼ to $13¾ on its expectations of "substantially lower" second quarter earnings.

Fluor advanced $2¼ to $36⅞—it said a subsidiary was awarded $4,000m. contract by the Arabian American Oil Co.

American Stock Exchange stocks were mixed in light trading. The Market Value Index slipped 0.09 to 90.60 although advances led declines by 235 to 210. Trading volume declined 470,000 shares to 1.53m., compared with 1 p.m. last Friday.

United Aircraft Products, a producer of aircraft engine parts, rose $1¼ to $10½.

Canada lower

Canadian Stock Markets were generally lower in light trading yesterday morning.

The Industrial Share Index shed 0.59 to 186.82. Base Metals 0.17 to 73.45. Western Oils 0.30 to 186.44. Banks 0.16 to 260.13 and Papers 0.91 to 109.24. But Golds moved up 3.88 to 407.59 and Utilities put on 0.27 to 131.62.

OTHER MARKETS

PARIS—Generaly lower in quiet trading, reflecting the raising of the day-to-day Money Market rate by ¼ per cent. to 7¼ per cent. as well as the sluggish performance of the New York and London Stock Exchanges.

Banks, Mechanicals, Stores, Electricals, Metals and Oils were all off to some degree. But Holdings, Foods, Buildings and Rubbers were narrowly mixed while Chemicals gained a little.

In the Foreign sector, Americans were narrowly mixed, Dutch shares also irregular, Germans mostly did well, as did Belgians.

International Oils were mixed, as were Gold Mines.

Coppers dipped.

BRUSSELS — Generally higher. Steels, Electricals, Metals and Chemicals were all up, while Holdings were little changed and Oils were down.

Hainaut Sambre gained Frs.30 to 2,400 in Steels and Hoboken rose Frs.50 to 4,350 in Metals. Tessenderloo put on Frs.26 in Chemicals. Oils were mainly down but Petrofina were up Frs.10 to 5,350.

Zairean, Dutch and French shares advanced in Internationals. But South Africans and Americans were down. Unilever gained Frs. 35 to 1,640, and Peugeot Frs.100 to 2,370.

AMSTERDAM—Mixed trend.

Akzo shed Fls.0.20 and Royal Dutch fell Fls.0.90, but Unilever rose Fls.0.30.

Banks declined, but Insurances mostly gained although Amev dropped Fls.1.30.

Bonds gained an average Fls. 0.10 to Fls.0.30. A bond issue of Fls.100m., due 2000, with an 8 per cent. coupon of Bank voor Nederlandsche Gemeenten was announced—the price will be published shortly.

GERMANY—Shares fell back on position squaring in dull trading.

Leading Stores were maintained, however, but Banks and Engineerings all gave up early gains to close steady or lower.

In leading Commercial Banks, Dresdner eased to 227.10 and Deutsche Bank lost Dm.2 to 323.50, but Commerzbank gained Dm.0.30 to 190.50. In lower Electricals, AEG dropped Dm.1.80 to 79.10 and Siemens Dm.2.60 to 256.80. Chemicals were mixed to higher. Bayer declined Dm.0.50 to 120, but Hoechst rose Dm.0.30 to 131 and Basf Dm.0.50 to 142.

In Motors, Daimler dipped Dm. 2.5 to 294, despite stating 1975 turnover should rise 10 to 15 per cent. VW gave way Dm.3 to 102.50 and BMW Dm.4.50 to 222.

Public Bonds were very quiet with declines up to Dm.0.20 predominating. The Dm.660m. eight-year 8 per cent. Federal Loan traded at its 98.75 per cent. price ahead of official issue. Most Mark Foreign Loans rose.

SWITZERLAND — *Irregularly* lower in thin trading, with investors fearing the higher tax burden approved by the Swiss Referendum will weigh on an economy already plagued by recession.

Dollar and German stocks were mixed in the Foreign sector, but Dutch Internationals generally edged higher.

COPENHAGEN — Well maintained in moderate trading.

VIENNA—Very steady in thin trading.

OSLO—Bankings were steadier, while Insurances were quiet.

MILAN—Generally lower in quiet and fairly cautious trading ahead of approaching Regional Elections.

Bonds were firmer in active trading.

TOKYO—Prices declined as investors awaited the outcome of the general meeting of OPEC countries in Libreville.

Volume 130m. shares.

Dealers also said Foreign portfolio investment in Japan might fall now that the forward yen is at a discount on the Foreign Exchange Market.

The main losers were Constructions, Pharmaceuticals and Trade Firms. Motors and Light Electricals also generally lost ground on profit-taking. Toyota lost Y10 to 640, and Honda Y11 to 584.

HONG KONG — Prices rose across the board but in decreased trading.

Hong Kong Bank rose 50 cents to $HK16.80, Hong Kong Land 10 cents to $HK7.30, Jardine 20 cents to $HK25.30, Hong Kong Electric 5 cents to $HK8.575, Hong Kong and Kowloon Wharf 10 cents to $HK12.60, and Gammon 40 cents to $HK21.70.

JOHANNESBURG—Gold shares were steady at lower levels in lack-lustre trading.

Net losses in "smaller" and "speculative" shares were in the region of 5 to 10 cents. "Heavyweights" were little tested.

Industrials were very steady.

AUSTRALIA—Generally irregular in subdued trading, following the latest political developments in Canberra and also reduced Foreign buying.

BHP added 4 cents at $A7.24.

Among Minings, Utah and AAR put on 10 and 5 cents respectively. Central Norseman rose 5 cents.

Oils were generally lower, with Oil Search falling 6 cents to 29 cents.

Indices

NEW YORK

DOW JONES AVERAGES

	Home Bonds	Transport	Indus.	Util.	Trading volume 000's
June 6	67.91	170.12	839.64	82.62	22,230
5	67.78	168.72	842.15	82.82	21,610
4	67.89	166.92	853.96	85.01	30,900
3	[illegible]	166.58	846.14	82.57	26,590
2	67.55	159.04	846.61	80.71	26,290
May 30	[illegible]	167.85	832.29	79.83	22,670
29	[illegible]	165.72	816.00	78.54	16,570
28	[illegible]	165.64	817.04	77.42	21,850
27	[illegible]	166.93	826.11	77.45	17,060
23	[illegible]	167.82	831.90	77.17	17,970
22	[illegible]	169.67	812.91	77.23	17,610
21	[illegible]	[illegible]	[illegible]	77.17	16,640
20	[illegible]	165.22	830.49	76.05	19,310
19	[illegible]	169.66	837.69	72.16	17,870
16	67.35	166.80	837.61	78.16	16,230
15	67.54	170.39	848.90	76.86	27,690
1975 High	69.92	174.12	858.73	85.01	—
	(4/4)	(6/6)	(14/5)	(4/6)	
Low	66.16	146.47	632.04	72.02	—
	(5/1)	(2/1)	(2/1)	(2/1)	

U.S. STOCK INDICES STANDARD AND POORS

		*Industrials	†Composite
June	6	103.97	92.48
"	5	104.17	92.69
"	4	104.07	92.60
"	3	104.49	92.89
"	2	104.27	92.53
May	30	102.65	91.15
"	29	100.96	89.68

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	June 5	May 29	May 23
On Dividends	7.02	7.13	7.58
On Earnings	13.43	13.67	14.44

SYDNEY ALL ORD. INDEX

TOKYO NEW SE INDEX

STOCK AND BOND YIELDS

FRIDAY'S ACTIVE STOCKS

HONG KONG INDEX

SINGAPORE INDEX

IND. DIVIDEND YIELD p.c.

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

EUROPE

TORONTO

INDUSTRIAL INDEX

MONTREAL

INDUSTRIAL INDEX

COMBINED INDEX

JOHANNESBURG

Slight £ fall

Sterling fell slightly against major currencies in general in the foreign exchange market yesterday—its trade-weighted average depreciation in terms of ten units since the Washington Currency Agreement of December, 1971 (as measured by the Bank of England) widening on balance to 24.6 per cent., from Friday evening's 24.5 per cent., and also standing at 24.6 per cent. in early dealings and at noon. Conditions were reported to be fairly quiet. The pound showed some fluctuations against the U.S. dollar, before ending 30 points (about 0.13 per cent.) lower on balance, at $2.3175-2.3185. Sterling opened at $2.3180-2.3195, its best of the day, and fell away to $2.3150-$2.3160—a day's low—by mid-morning, but recovered subsequently, to close at its highest of the afternoon. The dollar was a little stronger against leading units as a whole, with its trade-weighted average depreciation in terms of 14 currencies since the Washington Agreement (as calculated on noon rates in New York by Morgan Guaranty) narrowing to 6.96 per cent., from 7.05 per cent., while sterling's loss on a similar basis widened a shade, to 29.59 per cent., from 29.55 per cent. The French franc moved erratically, touching Frs.4.0375 to the dollar at one stage, but ending with the narrow loss of 12½ points, at Frs.4.0125.

Among other Continental currencies, German marks, for instance, fell 42½ points against the dollar, to DM2.3487½, and Swiss francs 95 points to Sw.Frs.2.5055. Canadian dollars lost 9 points at 97.40½ U.S. cents.

Gold rose $½ an ounce on balance in London to $165¾-166¾, in moderate business, with the report of the International Settlements' estimate of a cut last year of 100 tons to 955 tons in non-Communist gold production tending to strengthen the market. The metal opened at $165-166, and touched $164½-165½ in early dealings, but reached a day's peak of $165¾-166¾ between the fixings, and touched $165-166 in the later afternoon, before ending on a slightly firmer note.

The Krugerrand ended in places at a premium of 17 per cent. over its gold content in domestic business, against Friday's 18 per cent., and at one of 3½ per cent. in international as previously.

EXCHANGE CROSS-RATES

U.S.$ in Montreal, U.S.$=102.66-68 Canadian cents

Canadian $ in New York, $C1=97.45-50 U.S. cents. U.S. $ in Milan 625.30

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rates: short-term 12¼-12¾ per cent.; seven days' notice 12¼-12¾ per cent.; one-month 8¾-9¼ per cent.; three months 9¼-9¾ per cent.; six months 8¾-8¼ per cent.; one year 9¼-9¾ per cent.

Longer-term Eurodollar deposits: two years 8¾-8⅞ per cent.; three years 8¾-9¼ per cent.; four years 9½-9¾ per cent.; five years 9¾-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5 15/16-5¾ per cent.; three months 6-5 13/16 per cent.; six months 6⅝-6 7/16 per cent.; one year 7¼-7 9/16 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—89¾% (90¼%).

NEW YORK

CANADA

GERMANY ◆

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

TOKYO ¶

PARIS

BRUSSELS

SPAIN ▼

STOCKHOLM

MILAN

OSLO ✦

SWITZERLAND ●

COPENHAGEN

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

FARMING AND RAW MATERIALS

Australian call to lift wool prices

MONACO, June 9.

A MARKED improvement in the price of wool to the grower will be necessary to maintain the size of the Australian clip, Australian Wool Corporation marketing division manager, Mr. Malcolm Vawser, told the 44th annual conference of the International Wool Textile Organisation (IWTO) here to-day.

He expects a slight upward trend in Australian wool production for the remainder of the present decade with a levelling off by 1980. However, he added that this will depend on several factors including a fair monetary return to growers compensating them for inflation.

He told the conference as world demand for food increases there will be a bigger demand for sheepmeat and beef and therefore in the 1980s some reduction in merino flocks might occur in favour of the fat lamb and general purpose type sheep.

There would therefore be a corresponding increase in the proportion of broader wools in the clip.

Secretary of IWTO statistics committee, Mr. Michael Godfrey, told the conference the wool textile outlook is still uncertain. However, since most countries are now following expansionary economic policies, a slow improvement in world wool textile production can be expected by late 1975, he added.

Reuter

London market plans white sugar futures contract

BY JOHN EDWARDS, COMMODITIES EDITOR

A NEW type of futures market, to provide hedging facilities for white sugar, is planned to start in London on July 15, it was announced yesterday. The proposed new contract for white sugar will basically be an extension of the existing London raw sugar futures market, using a variable conversion rate to cover the difference in price between raw and white sugar.

The collapse of the Paris white sugar market last December has created problems for "hedging" white sugar deals, since the difference between raw and white sugar values can vary considerably. It is felt in London that some sort of hedging medium must be provided before the forthcoming European beet crop, expected to be a bumper year, is harvested from October onwards.

To the complicated system of two markets in one has been devised to avoid the trouble and expense of creating an entirely new market and also to sidestep direct competition with any relaunched Paris market.

The proposed London "conversion" market could be complementary to a new Paris contract, although there is considerable disappointment in London at the length of time being taken to clear the Paris market of the disputes, now subject to legal action, that have brought trading to a standstill there since last December.

The proposed new London white sugar contract is subject to approval by members of the United Terminal Sugar Market Association by June 25, but it is expected to be given the go-ahead because of considerable pressure for white sugar "hedging" facilities.

Varying cost

Theoretically, the difference between raw and white sugar should be roughly the cost of converting raw sugar into refined form. But the costs are variable, particularly with beet sugar, which is normally produced in white form.

At the same time prices are affected by the differing supply and demand positions that occur on occasions—in fact at one time in the 1960s raw sugar was at a premium to white sugar for a limited period.

As a result hedging white sugar deals on the raw sugar futures market does not provide the kind of protection required, although the two prices normally move fairly closely in line. Under the London plan the white sugar "conversion" rate will represent the current difference between raws, c.i.f. U.K., and whites, f.o.b. and stowed European ports.

Two London daily sugar prices—one for raw and one for white—will be announced each day. There will be one call for conversions, based on one month's quoted for raws, each day after the close of the raw market.

It will be possible to trade in conversions only, but any buy or sell conversion contracts open at the delivery date must be combined with a similar purchase or sale of raw sugar and the combined contracts will be subject to delivery of one white sugar contract, whose price would be calculated by adding together the raw and conversion markets.

London terminal market chairman, Mr. David Harcourt, was confident yesterday that the new contract would be a success, despite its somewhat complicated structure. He stressed that the new contract was not aimed to be competitive with Paris.

Meanwhile value on the London raw sugar terminal market moved up yesterday with the Daily Price being lifted £3 to £165 a ton.

Record rise in copper stocks

By John Edwards

COPPER PRICES held steady on the London Metal Exchange yesterday despite the announcement of another massive rise in warehouse stocks of 17,000 tonnes—believed to be the biggest ever weekly increase.

LME warehouse stocks of copper have now reached an all-time peak of 266,975 tonnes after rising by over 100,000 tonnes during the past 13 weeks, and theer are forecasts of another stocks increase being likely this week as well.

However, the market has become so accustomed to huge stocks, and the possibility of them eventually topping 300,000 tonnes, that the separate weekly increases are tending to have a diminshing impact even when rather higher than anticipated, as on this occasion.

Prices are being held up by "investment" buying in anticipation of an explosion in values when industrial demand revives again. But the continued lack of trade interest during the traditionally quiet summer months, and the big build-up in stocks is putting pressure on the market.

A larger than expected rise in lead stocks, up by 1,275 to 41,625 tonnes, was countered by some persistent buying interest. As expected, zinc stocks fell by 3,825 to 12,275 tonnes, and support buying helped keep prices up.

Tin stocks fell by 10 tonnes to 5,905 tonnes, and the market was firmer following the trend in Penang over the week-end. It was reported from Geneva that no decision on export controls was reached at the International Tin Council meeting yesterday. But the Council will meet again next week.

LME silver stocks rose by 280,000 to 14,210,000 ounces.

COMMON AGRICULTURAL POLICY

Serious negotiations can now begin

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE AFFIRMATIVE vote in the Referendum will mark the beginning of serious negotiations as to the future shape of the Common Agricultural Policy and Britain's part in it. For, in spite of the claims of Mr. Peart that substantial changes had been achieved through re-negotiation, these were in essence temporary and the basic principles of the Common Agricultural Policy and intervention buying still remain on the statutes of the EEC.

The only way in which these could be altered substantially would be if the review of the CAP which is due this summer and autumn changes the direction in which the policy has been going up till now.

It is worth remembering at this point that the original purpose of the policy was to raise the incomes of the farming populations in Europe to the levels of those in industry by various means including resettling farmers, the restructuring of farms and so on.

Numbers involved in European farming have more than halved since 1960 but this has been due almost entirely to national, and not Community measures. The bulk of the money contributed to agriculture from the Community budget has gone to price support in various forms.

Herd size

This year, for instance, the expenditure on milk is budgeted at £800m., equivalent to more than £30 per Community cow, so it's obvious that the more cows a man has the more money he gets. Although in all EEC countries the average herd size is often very small, the majority of cows are in herds which could be considered large enough to be viable. So the assistance for milk, and all other subsidised products, goes in the main to the largest farmers.

There are forces in the Community, notably Germany, where this is realised and pressure is likely from this and other directions to reduce the burden in some way. This, in the case of milk, can only mean by some limitation of future production increases, applicable to all members.

Any move of this sort is bound to run counter to the British Government's White Paper: Food from Our Own Resources, which called among other things for an increase of 20 per cent. of milk production. It must be realised that although the visible butter "mountain" has disappeared for the time being, nearly 500,000 tons of Community butter was disposed of in 1974 by direct subsidies of various kinds, more than 300,000 tons coming to the U.K. By 1978 prices should be harmonised between all member countries and the effect of an increase to Community price levels will probably mean a fall in British consumption, according to the trade of about 40 per cent.

This would mean about 200,000 tons which would have to go to intervention, be disposed of through consumer subsidy or replace the New Zealand quota of 133,000 tons for which there is no guaranteed access after 1977.

Dairy trade

Politicians at the recent Dublin summit reaffirmed their support for the New Zealand quota, but leaders of the dairy trade in all EEC countries make no secret of their belief that this must go. So the U.K. Government will be in the contradictory position of attempting to reduce the Community surplus, while at the same time supporting New Zealand's case and increasing British production.

Mr. Peart has made no secret of the fact that he would like to see a return to some sort of deficiency payment scheme for beef in times of glut. The present beef premium scheme has only a year to run, and there are no indications that the other members of the Community wish it to continue any longer than that. Mr. Lardinois has gone on record several times to the effect that deficiency payments will not be suitable for the Community as a whole for products in over supply.

At the moment there are no regulations and hence no free trade for lamb or potatoes, but the Commission has, under French pressure, agreed to produce one for the former this summer. Any lamb measure would probably entail an increased duty on New Zealand lamb coming into Britain above the 20 per cent. to which it will rise in any case by 1977. Present Government thinking is that this is high enough already because of the effect on the cost of living here, and on New Zealand's economy should it become more expensive.

A regulation for potatoes would have the effect of truncating the activities of the Potato Marketing Board and raises once again the future of the Milk Marketing Board. This, a monopoly body which has no parallel in the Community, is quite palpably against the rules as at present constituted.

The Government is also under pressure from British farmers and the Irish to devalue what is called the Geen Pound as against the Unit of Account. Such a move would, if fully accomplished, raise farm prices fixed in UA terms by between 15 and 20 per cent. Although farmers would be happy, the consequent effects on the cost of living would make things very difficult for the Government.

It is probably wishful thinking for farmers to expect any substantial devaluation of the Green Pound at the present time when currencies are not fixed. The likelihood is that any readjustment will probably be a minor one, perhaps 8 or 10 per cent.

Mr. Peart's task is a daunting one. His defence of their interests will be watched apprehensively by farmers in Britain, who are well aware that for the rest of the Community Britain's market seems to be the obvious destination for surpluses of butter, cheese, cereals, beef and whatever is in surplus at the moment.

There is nowhere else in the world open to them, and if there had not been a British market, it would have had to be invented. But this very fact, which is little understood here, may be Mr. Peart's main asset in future bargaining.

Paddy output drop of 0.6% forecast

WORLD PADDY production in 1974/75 is estimated at 323m. tonnes—about 0.6 per cent. below the 324,829,000 tonnes in 1973/74, the Commonwealth Secretariat Rice Bulletin said yesterday, reports Reuter.

This estimate assumes a 3m. tonne increase in Chinese production. There has been an undoubted serious fall in India's production in 1974/75 but there is still appreciable uncertainty as to its extent. If recent suggestions that the fall was no more than 6 per cent. are found to be realistic the estimate of world production in 1974/75 could finish very close to that of last year, it added.

At the end of April U.S. rice sowings were up to schedule bearing out earlier growers' intentions of maintaining a rice area similar to last year's.

The present dominant feature in international rice trade is an increase in export availability of lower quality rice following the apparent loss by the U.S. of its markets in the Khymer Republic (Cambodia) and South Vietnam provided on concessionary terms, the bulletin said.

Fertiliser demand 'uncertain'

W. VIRGINIA, June 9.

AS LONG as imported oil has a preferential call on limited foreign exchange, purchases of fertilisers and food grains by developing countries will take second place, the Fertiliser Institute's Marketing conference was told here reports Reuter.

Mexican fertiliser expert, Sr. Jacinto Avalos, said that last year importing countries paid 80 per cent. more for fertilisers than U.S. farmers, while their export prices for agricultural produce were keyed to U.S. production costs and selling prices.

World phosphate supply and demand would remain uncertain while current high farm input prices, low commodity prices and short money supplies prevailed he added. The fall in Brazil's phosphate demand was an example. Phosphate use in Brazil doubled in 1972 but when demand-depressing factors came into play fertiliser use dropped.

Pressure for increased food output—the major factor for fertiliser demand growth—would continue but the ability of countries to buy and the finance available to build new facilities would influence that demand be added.

Fertiliser shipments from the Soviet Union could become a major factor in the world economy, Mr. A. P. Gates, president of Hooker Chemical Corporation, told the conference.

He said Occidental Petroleum, the parent company of Hooker Chemical, is on of the first U.S. corporations to negotiate fertiliser-technology exchange agreements with the Soviet Union.

Under 20-year commodity contracts, starting in 1978, Occidental will sell 1m. tonnes of superphosphoric acid (SPA) to the USSR annually. In turn it will purchase from the USSR 1.5m. tonnes of ammonia, 1m. tonnes of urea, and 1m. tonnes of potash annually.

Additionally, Occidental agreed to buy 600,000 tonnes of ammonia a year for 10 years to provide funds for the USSR to repay Export-Import Bank and other loans.

World grain prospects

THE OUTLOOK for the 1975-76 world grain crop still appears very favourable despite the adverse weather which hampered autumn sowings in some areas and the cold spring, which slowed development, according to the Commonwealth Secretariat's monthly Grain Bulletin, reports Reuter.

On the 1974-75 crop the Secretariat puts world production of the main grains (wheat, maize, barley, oats and rye) at around 905m. tonnes, 4.8 per cent. less than in 1973-74.

Wheat output in 1974-75 is put at 361m. tonnes, including an estimated 37m. tonnes for China, and is 4.4 per cent. down on 1973-74. Out-turn of barley and rye is now estimated slightly greater than in 1973-74, but with maize production calculated to fall by over 9 per cent., coarse grain output is put at 544m. tonnes or 5.1 per cent. less than in the previous season.

Soviet cotton crop could be a record

WASHINGTON, June 9.

SOVIET COTTON planting has progressed faster than normal, with prospects for this year's harvest at least matching the 1974 record outturn of 12.9m. bales, the U.S. Department of Agriculture Foreign Agricultural Service (FAS) said here, reports Reuter.

By the end of April nearly 7m. acres had been planted, 10 to 13 per cent. more than at that stage in the previous three years and 97 per cent. of the 1974 area, the FAS said, citing Soviet Press reports.

Farmers urged to reveal potato stocks

POTATO PRODUCERS with stocks still on the farm were yesterday urged by the National Farmers Union to make their stock position known to merchants.

The advice came from the NFU following suggestions that import licences for ware type of potatoes may be issued to ease the current shortage of old potatoes suitable for processing and chip making.

An NFU spokesman commented: "We are confident that there are enough main crop potatoes from last year's stocks still on U.K. farms to supply the current market demand.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. Prices were initially bolstered by the easier tone of sterling with forward metal moving up to £536 from an opening £533. News of a larger than expected rise in the already record warehouse stocks figure, however, and talk of further substantial increases over the next few weeks pushed the price back down to £534. The firmer opening of the U.S. market later encouraged a modest recovery here and the price ended at £536 on the afternoon Kerb. Turnover, 11,275 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	513.5-4	+.5	515-6	+2
3 months	533.5-4	+1.25	534.5-5.5	+2.25
Settlem't	514	+.5	—	......
Cathodes				
Cash	503-.5	......	505-6	+2
3 months	522.5-3	......	524.5-5.5	+2
Settlem't	503.5	......	—	......
U.S. Smt.	—	......	*63.70	......

Amalgamated Metal Group reported that in the morning, cash wirebars traded at £514, 13.50; three months £534, 35, 34.50, 34, 34.50, 34, 33.50. Cathodes: Cash £503; three months £522.50. Kerb: Wirebars: Cash £514.50; three months £533.50. Cathodes: Three months £523.50. Afternoon: Wirebars: Cash untraded; mid-July £516; mid-Aug. £529.50; five months £534, 34.50, 34, 34.50, 35. Cathodes: Untraded. Kerb: Wirebars: Three months £535, 35.50, 35, 38. Cathodes: Untraded.

TIN—Higher again but closing below the day's top levels. The recovery in Penang over the week-end, the easier tone of sterling and short-covering prompted by the tightening nearby supply situation pushed prices higher. Cash metal traded up to £3,055 and forward to £3,067 but the gains were later pared by hedge selling and profit-taking. Turnover, 1,805 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3050-2	+18.5	3040-2	+17
3 months	3065-6	+28	3059-60	+25.5
Settlem't	3052	+17	—	......
Standard				
Cash	3050-2	+18.5	3040-2	+17
3 months	3065-6	+28	3059-60	+25.5
Settlem't	3052	+17	—	......
Straits E.	‡5-37	+7	—	......
New York	—	......		

Morning: Standard: Cash £3,050, 55, 52; three months £3,060, 65, 67, 63, 65, 62, 65, 64, 65, 63, 65, 66. High Grade: Untraded. Kerb: Standard: Cash £3,052, 49; three months £3,064, 63, 57. High Grade: Untraded. Afternoon: Standard: Cash £3,040, 43, 42; three months £3,058, 57, 58, 60. High Grade: Untraded. Kerb: Standard: Three months £3,060. High Grade: Untraded.

LEAD—Sharply higher on the afternoon Kerb when forward metal jumped to £161, £10 up on the closing Ring level, owing to heavy short-covering. Earlier, prices had moved marginally higher in routine trading, there still being no sign of renewed producer support. Turnover, 2,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	143.5-4	+.375	145.5-6	+.75
3 months	148.5-9	+2.32	150.5-1	+3
S'ment	144	+.5	—	......
N.Y. Spot	—	......	*19-22¾	......

Morning: Cash £145, 44, 44.50; three months £149, 48, 48.50. Kerb: Untraded. Afternoon: Cash untraded; three months £149, 50, 51. Kerb: Three months £156, 58, 59, 61.

ZINC—Little changed on balance. Influential buying of cash metal held that price above the £330 level while forward, after trading up to £300, fell back to £295 owing to fairly sizeable hedge selling. Turnover 6,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	330-1	+1	331-3	+3
3 months	295.5	+2	295-6	+.75
S'ment	331	+1	—	......
Prm. West	—	......	*38½-9	......

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

Morning: Cash £332, 30, 31, 30; three months £298, 300, 299, 98.50, 99, 97, 96, 95.50, 95, 96.50. Kerb: Cash £330; three months £296, 294. Afternoon: Cash untraded; three months £295, 296. Kerb: Three months £295.50.

SILVER

LME—Turnover 162 (110) lots of 10,000 ozs. Morning: Three months 197.8, 7.8, 7.5, 7.6, 7.7. Kerbs: Three months 197.7, 7.8, 8.0, 8.1. Afternoon: Three months 200.0, 199.9, 99.8, 99.5, 99.7, 99.9, 99.8, 99.7, 99.5, 99.7, 99.8, 200.0, 200.5. Kerbs: Three months 200.0, 0.2, 0.5, 0.1.

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	192.35p	+2.55	196.0p	+5.6
3 months	197.35p	+2.55	200.6p	+5.55
6 months	202.35p	+1.85	—	......
7 months	—	......	208.25p	+5.4
12 months	214.35p	+1.85	—	......

Silver was fixed 2.55p an ounce higher for spot delivery in the London bullion market yesterday, at 192.35p. U.S. cent equivalents of the fixing prices were: spot 445.7c, up 4.3c; three-month 452.2c, up 3.9c; six-month 457.6c, up 1.9c; and 12-month 473.1c, up 1.0c. Business was moderate. The spot price opened at 190.3p-191.3p (441.0c-443.6c); its lowest of the day, and closed at 194.5p-195.5p (451.0c-453.5c), its highest—after New York had lent a firm tone—against Friday's 190.0p-191.5p (441.3c-444.3c).

FREIGHTS

OIL TANKERS—Quiet with few fixtures and, again, only a small volume of inquiry. Over the week-end Chevron, in New York, took a VLCC, prompt, from Persian Gulf to west at the standard depressed rate of Worldscale 15. Hess is seeking a VLCC from Persian Gulf to west, fairly prompt loading.

DRY CARGO—A fair volume of activity developed in the North American grain sector. A heavy grain cargo was covered from the U.S. Gulf to Alexandria at $14 f.i.o. and a 6,800 long ton cargo of heavy grain/meals was arranged from the same loading area to Maracaibo at a lump sum of $87,500 f.i.o., both for June. Vessels were also booked for heavy grain from the U.S. Gulf to Spanish Atlantic at $8 f.i.o. for June-July and from the Gulf to Venezuela at $6.75 f.i.o. with prompt loading. In addition, business was arranged from the U.S. Northern Range to Leghorn at $9.98 f.i.o. for June. Brazilian grain shippers were quite active and arranged a vessel with heavy grain from Brazil to St. Nazaire/Hamburg for July at $10.65 f.i.o. and to Antwerp/Hamburg at $10.50 f.i.o. for June.

COCOA

Short covering in generally thin conditions caused values to move steadier during the day with closing values at the high, reports Gill and Duffus.

COCOA No.4 Contract	Yesterday's Close	+ or —	Business Done
July	480.0-2.0	+8.5	482.0-74.0
September	475.0-4.0	+11.5	474.0-64.0
December	464.0-4.5	+9.0	[illegible]
March	489.0-90.0	+5.0	490.0-84.0
May	491.0-4.0	+5.0	489.0
July	495.0-5.0	+7.0	495.0-93.0
September	494.0-501	+3.0	—

Sales: 1,711 (1,604) lots of 10 tonnes.

International Cocoa Agreement prices: Daily 46.51 (46.48) U.S. cents, per pound. Indicator—15-day average 47.76 (47.83); 22-day average 47.72 (same).

COFFEE

Robusta futures moved sharply higher after lunch on unconfirmed market reports of frost in Brazil. This stimulated renewed dealer and speculative buying and covering which pushed prices up to £15 higher on balance before profit-taking pared gains. At the close values were £12 to £8.5 higher.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	476.5-77.5	+8.75	482.0-470.0
September	467.0-70.0	+11.75	472.0-60.0
November	460.0-61.0	+9.75	466.0-54.0
January	460.5-61.0	+9.50	465.0-54.5
March	461.0-62.0	+8.25	464.0-58.0
May	460.0-62.0	+6.50	455.0
July	464.0-65.0	+7.50	470.0-60.0

Sales: 2,042 (974) lots of 5 tonnes.

Latest published ICO indicator prices. U.S. cents per pound. Colombian Mild Arabicas 71.00 (same). Other Mild Arabicas 56.25 (55.63). Unwashed Arabicas Santos Fours 73.00 (same). Robustas 49.26 (49.25). Daily average 63.63 (63.52).

ARABICA CONTRACT (in order, buyer, seller, business, sales)—June 64.60-66.00, 65.50, 6; August 66.80-67.00, 66.80-66.40, 15; Oct. 66.80-66.70, 65.40, 27; Dec. 66.40-66.50, 66.40, 19; Feb. 66.40-67.50, nil, nil; April 67.30-68.00, nil, nil; June 67.00-68.00, nil, nil. Total sales: 67.

GRAINS

THE BALTIC—The imported market remained quiet at around previous levels but local physical markets showed more confidence with a fair trade in new crop position at firm levels.

Wheat: U.S. Dark Northern Spring No. 2 14 per cent. July £80.90, Aug. £79.00, Sept. £72.35 transhipment East Coast. June £77.50 direct Tilbury. U.S. Hard Winter No. 2 13½ per cent. July £65.45, Aug. £66.15 transhipment East Coast. July £61.85 direct Tilbury. EEC Milling French feed June £51.00, July £51.50 South Coast.

Maize: No. 3 Yellow American/French June £52.50, July £53.50 transhipment East Coast. South African White Dent Aug. £59 Glasgow. South African Yellow Flint Aug. £56.50 Glasgow.

Barley—EEC Feed June £50.25, July £51.25 East Coast.

MARK LANE—The market developed a firmer undertone on improved buying interest which was mainly directed to new crop positions. September deliveries of Hagberg 180 milling wheat traded to the London area at £58.50 per long ton ranging up to £62 for Oct.-Dec. while Liverpool paid £60 for Sept. and £61.50 for Oct. deliveries. East Anglia paid £56.50 per long ton for Sept.-Dec. deliveries of feed barley and Avonmouth £57 for similar positions. Average sellers' quotations per long ton for delivery London area: Wheat milling June £52.50. Denaturable June £52 quoted. Barley feed June £52.

LONDON GRAIN FUTURES MARKET (GAFTA). Wheat, steadier. Close: Sept. 56.45, Nov. 58.95, Jan. 61.00, March 62.75, May 64.45. Business: Sept. 56.35-55.30, Nov. 59.00-58.10, Jan. 61.05-60.50, March 62.85-61.75, May 64.30-64.20. Barley, steadier. Close: Sept. 54.25, Nov. 56.30, Jan. 58.25, March 59.80, May 61.50. Business: Sept. 53.85-53.50, Nov. 56.30-55.90, Jan. 58.05-57.90, March 59.85, May 61.25.

EEC DAILY IMPORT LEVIES: The following EEC levies and premiums are effective for June 7 in units of account per tonne (current levy plus July, Aug. and Sept. premiums, previous in brackets). Soft Wheat and Mixed Wheat and Rye—52.67, 1.25, 1.25, 0.53 (52.67, 1.25, 1.25, 0.53). Hard Wheat—31.07, 8.67, 8.67, 14.44 (30.41, 7.89, 7.89, 9.33). Rye—53.00, 0.72, 0.72, nil (53.00, 0.72, 0.72, nil). Barley—54.40, nil, nil, nil (54.40, nil, nil, nil). Oats—38.39, 0.36, 0.36, 0.36 (38.39, 0.36, 0.36, 0.36). Maize (other than hybrid for seeding)—30.45, 2.17, 2.17, 4.04 (30.45, 1.98, 1.98, 4.51). Buckwheat—10.27, nil, nil, nil (10.27, nil, nil, nil). Millet—nil, nil, nil, nil (41.26, 3.25, 3.25, 2.53). Grain Sorghum—41.26, 3.61, 3.61, 3.43 (41.26, 3.25, 3.25, 2.53).

EEC current levies are also effective for June 7 for following flours (with previous in brackets) in Units of Account per tonne: Wheat or Mixed Wheat and Rye Flour—93.08 (93.08). Rye Flour—93.56 (93.56).

HGCA—Regional and U.K. average ex-farm spot prices for the week ending June 5. Soft milling wheat—Eastern £49.75, E. Midlands £50.05, N. East £49.90, N. West £50.50, U.K. £49.90. Feeding barley—S. East £49.90, S. West £50.40, Eastern £49.80, E. Midlands £49.35, W. Midlands £49.80, N. East £49.30, N. West £50.00, Scotland £46.70, U.K. £49.35.

HGCA—Ex-farm spot locational prices. Soft milling wheat—Ipswich £49.95. Feeding barley—Darlington £48.85, Ipswich £50.00.

RUBBER

EASIER opening on the London physical market. Little interest throughout day, closing quiet. Lewis and Peat reported a godown price of 121 Malaysian cents a kilo (buyer July).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
July	28.50-28.90	28.75-29.00	—
Aug.	28.10-28.20	29.20-29.50	—
Jly-Sep.	28.10-29.2	29.20-29.50	28.86-28.90
Oct.-Dec.	[illegible]	[illegible]	—
Jan.-Mar.	31.75-31.80	31.85-31.88	31.80-31.60
Ap-Jun.	32.85-32.95	[illegible]	33.05-32.70
Jly-Sept	33.75-33.85	33.70-33.80	33.80-33.50
Oct-Dec	34.25-34.30	34.25-34.55	—
Jan-Mar	34.85-34.70	34.85-34.75	—

Sales: 57 (82) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 25.75p (25.5p); July 26.6p (26.5p); August 27.5p (27.25p).

SOYABEAN MEAL

	Yesterd'ys Close	+ or —	Business Done
	£ per tonne		
August	69.8-69.9	+0.55	70.0-69.7
October	69.7-69.9	+0.45	69.8-69.0
December	70.2-70.3	+0.3	70.3-69.7
February	71.6-71.7	+0.15	71.7
April	73.2-73.3	+0.3	73.3
June	74.9-75.3	+0.15	—
August	76.5-76.8	+0.15	—

Sales: 24 (33) lots of 100 tonnes.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 36.0 to 38.0, best quality 39.0; English hindquarters (heavy) 44.0 to 46.0; Ulster hindquarters 44.0 to 46.0, forequarters 24.0 to 25.0; Eire hindquarters 42.5 to 46.0, forequarters 23.0 to 25.5.

Veal: English fats 40.0 to 44.0, bobbies 15.0 to 16.0; Scottish bobbies 14.0 to 18.0; Dutch hinds and ends 58.0 to 62.0.

Lamb: English small 38.0 to 40.0, medium 34.0 to 38.0, heavy 32.0 to 38.0; imported frozen—New Zealand D's 30.0 to 31.0, 2's 30.5 to 31.0, 3's 28.0 to 30.0, YLs 29.0 to 29.5.

Hoggets: Scottish 28.0 to 28.0, best quality 30.0.

Ewes: 10.5 to 11.5.

Pork: English, under 100 lbs 28.0 to 35.0, 100-120 lbs 29.0 to 34.5, 120-160 lbs 29.0 to 33.0, 160-180 lbs 27.0 to 29.5, 180 lbs and over 24.0 to 28.5.

MEAT COMMISSION—Average fatstock prices at representative markets on week ending June 7: U.K.—Cattle, £22.39 per live cwt (+0.07); Sheep, 38.5p per pound e.d.c.w. (−0.8); Pigs, £4.63 per sc. l.w. (+0.05). England and Wales—Cattle numbers up 25.0 per cent., average price £22.85 (−0.17); Sheep up 24.5, average 39.0p (−1.5); Pigs up 38.7, average £4.64 (+0.06). Scotland—Cattle down 9.2, average £22.90 (+0.54); Sheep down 22.7, average 34.9p (+0.5); Pigs down 12.6, average £4.64 (+0.07).

MEAT COMMISSION—Average fatstock prices at representative markets on June 9. U.K.—Cattle £21.94 per live cwt (−0.60); sheep 36.2p per pound e.d.c.w. (−3.1); pigs £4.54 per score liveweight (−0.09). England and Wales—Cattle numbers down 6.2 per cent., average price £22.00 (−0.83); sheep up 1.6 per cent., 36.2p (−3.9); pigs down 16.7 per cent., £4.54 (−0.10). Scotland—Cattle up 22.0 per cent., £22.73 (+0.01); sheep down 19.8 per cent., 37.4p (+2.3); pigs no change, £4.75 (+0.08).

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—Jaffa: Valencia Lates 2.30-3.50; Californian: 3.30-3.80; Cyprus: 2.70-3.50; South African: 2.75-3.00. Grapefruit—Jaffa: 40 2.50, 48 2.80, 56 2.90, 64 2.90, 75 2.90, 88 2.90; Florida: Red Blush 3.30; South African: 2.10-2.85. Lemons—Italian: 3.90-3.30; South African: 3.00-3.50. Apples—South African: Starking Delicious 4.40-4.50, Golden Delicious 4.90-5.00, White Winter Pearmain 4.40-4.50, Granny Smith 4.50-5.20; New Zealand: Sturmer Pippin 4.80-4.90; Tasmanian: Jonathans 4.60, Golden Delicious 4.40, Cox's Orange Pippin 6.50-6.60; French: Cartons Golden Delicious 20lb 2.15-2.25.

English produce: Cauliflowers—Per 12 2.40-3.50. Mushrooms—Per pound 0.25. Spring Greens—Per bag 0.90. Onions—Per 56lb 2.30-2.60. Apples—Per 30lb Bramleys 3.30-4.20. Lettuces—12 round 2.40. Potatoes—Per 56lb white 1.80, red 1.90, Cornish/Kent per pound 0.06-0.06½. Cucumbers—Per tray 12 1.40, 14 1.50, 16 1.50, 18 1.50. Tomatoes—Per 12lb 3.00. Celery—Per 12 to 24 2.80-3.00. Strawberries—Per ½lb 0.15-0.20.

SUGAR

LONDON DAILY PRICE—Higher at £165.00 (£162.00) a ton c.i.f. for June-July shipment.

Initial selling at or around Friday's kerb levels was well absorbed, reports C. Czarnikow. The market gained ground steadily from then on and by mid-afternoon some 800 points had been added. Volume selling in August late in the session depressed values by up to 650 points, although by the close prices had recovered slightly.

EEC DAILY EXPORT LEVIES—The following export levies for white and raw sugars, denatured and non-denatured, are effective for June 10 (in units of account per 100 kilos with previous in brackets). White denatured 4.50 (5.00), non-denatured 4.50 (5.00). Raw denatured 4.50 (3.00), non-denatured 4.50 (3.00).

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug.	167.00-68.00	158.50-60.0	171.50-58.00
Oct.	[illegible]	152.00-52.25	162.00-52.00
Dec.	[illegible]	150.25-51.50	[illegible]
March	153.50-55.50	146.45-46.50	155.00-47.00
May	151.50-52.00	145.00-45.25	153.00-45.00
Aug.	152.00-52.5	145.00-45.45	155.50-47.00
Oct.	152.00-53.00	144.00-45.00	153.50-47.00

Sales: 2,869 (1,882) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £281.80 (same) a long ton for home trade and £270.00 (£267.00) a long ton for export.

WOOL FUTURES

LONDON—Market showed little change in dull conditions, reports Bache.

(Pence per kilo)

Australian Greasy wool	Yesterd'ys close	+ or —	Business Done
July	163.0-68.0	......	—
October	167.0-70.0	−0.5	—
December	172.0-75.0	−0.5	—
March	176.0-77.0	+0.5	—
May	179.0-80.0	−0.5	—
July	181.0-85.0	+1.0	—
October	181.5-84.0	+0.75	—
December	184.8-85.8	−0.75	—

Sales: 6 (42) lots of 1,500 kilos.

SYDNEY GREASY (in Australian cents per kilo. In order buyer, seller, business, sales): July 249.8-250.0; 250.0-248.0; 13. Oct. 256.0-256.5; 256.0-253.0; 7. Dec. 259.0-260.5; 260.0-257.5; 16. March 263.5-265.0; 263.0-261.0; 20. May 265.0-268.0; 268.0-263.0; 11. July 266.5-267.0; 267.0-264.0; 22. Oct. 267.5-268.0; 268.0-265.5; 12. Dec. 268.0-268.5; 268.0-267.9; 7. Total sales, 102.

PRICE CHANGES

Prices per ton unless otherwise stated.

	June 9 1975	+ or —	Month ago
Metals			
Aluminium (w)	£396	......	£378.8
Free market cif	£285-255	......	£275-280
Copper §			
Cash Wire Bars (w)	£515.5	+2.0	£545.75
3 month do. do. (w)	£535	+2.25	£564
Cash Cathode (w)	£505.5	+2.0	£535.25
3 months do. (w)	£525	+2.0	£554.5
Gold Troy oz.	$165.75	+0.5	$166
Lead Cash (w)	£145.75	+0.75	£159.5
3 months (w)	£150.75	+3.0	£162.875
Nickel (w)	£1,917	......	£1,880
Free market cif (lb.)	$1.8-1.95	......	$1.70-1.8
Platinum troy oz.	£67-71.5	......	£67-71.5
Free Market	£65	+0.5	£64.65
Quicksilver (76lb)	$132-137	......	$128-135
Silver Troy oz.	192.35p	+2.55	197p
3 months	197.35p	+2.55	202.5p
Tin Cash (w)	£3,041	+17	£3,186
3 months (w)	£3,059	+25.5	£3,027
Wolfram 22.04lb cif	$39-41	−0.5	$41-45
Zinc Cash (w)	£332	+3.0	£319.5
3 months (w)	£295.5	+0.7	£314.75
Producers (w)	£360	......	£360
Oils			
Coconut Malayan	‡	......	‡
Groundnut			
Linseed Crude (k)	£450	......	£386
Palm Malayan (z)	‡	......	£175
Soyabean (z)	‡	......	‡
Seeds			
Copra Philipp. ton	$280	......	$240
Gr'nuts Nigerian	‡	......	‡
Linseed Cdn. No. 1	£151	−1.0	£162
Grains			
Barley EEC	£50.25	......	£49.75
Home Futures	£54.25	+0.75	£49.45
Maize			
French No.3 Am.	£52.5	+1.5	£52.0
S.A. Yellow Flint	£58.64	......	59.5
Wheat			
No. 1 Red Spring	‡	......	‡
No.2 Hard Winter	£65.45	......	£65.6
Australian (f.a.q.)			
English Milling	£52.5	+0.5	£52
Cocoa Shipment (w)	£562	+0.5	£526.5
futures Sept.	£473.5	+11.75	£464
Coffee Shipment (c)			
futures Sept. (U) (b)	£468.5	+12.25	£410.7
Cotton 'A' Index cent	54.2	+0.85	54.5
Jute LJABWC (d)	£200	......	£224
Rubber kilo	28.7p	+2.26	26.5p
Sisal EA3L (z)	$600	......	$650
Sugar	£165	+3	£180
Wooltops 64s kilo	194p	−1.0	195p
Cloves (Madagascar)	£2,550	......	£2,550
Pepper White ton	£820	......	£655
Black ton	£580	+5	[illegible]

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation. h August. k June. z Metric tons. r July. p June-July. s July-Aug. t Nov. q May-June. u Nov.-Jan.

FINANCIAL TIMES

June 9	June 5	Month ago	Year ago
161.18	162.48	161.06	210.91

(Base: July 1, 1952=100)

REUTER'S

June 9	June 6	Month ago	Year ago
1065.7	1063.8	1071.4	1324.5

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	June 6	June 5	Month ago	Year ago
Spot	272.88	271.04	269.61	339.74
Future	246.58	246.96	248.38	300.47

(Average 1924-25-26=100)

MOODY'S

Moody's	June 6	June 5	Month ago	Year ago
Staple Comm.	704.0	704.6	715.7	792.5

(Dec. 31, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices per stone, at ship's side, unprocessed: Shelf cod £1.25; codlings £1.30-£1.60; shelf haddocks £2.50-£2.60, medium £1.60-£2.30; plaice medium and best small £3.50; skinned dogfish £4.70, medium £4.40; coalfish £0.80-£0.90; rockfish £1.00-£1.50; lemon soles £4.30; reds £0.80-£1.10.

Rubber export duty raised by Malaysia

KUALA LUMPUR, June 9.

THE MALAYSIAN Government has raised the total export duty on rubber to 2.25 cents from 2.125 cents a tonne, reports Reuter. This includes research and replanting levies.

The duty on copra is reduced to 46.8 cents from 51.8 cents, but that on palm kernel is unchanged at 47.05 cents.

The fluctuation in rubber prices has adversely affected the Malaysian economy and the livelihood of people connected with the industry, Prime Minister Tun Abdul Razak told a seminar on smallholders development.

He said a drop of 1 cent in the price of rubber per tonne could cause a loss to Malaysia of about 25m. ringgit (£4.76m.). There should be a systematic and uniform production policy among the rubber producing countries, he added.

Indian iron ore deposit estimated

NEW DELHI, June 9.

IRON ORE reserves at Kudremukh in the Western Ghats in India's Southern Karanataka State are estimated at 600m. tonnes of low-grade ore, according to the planning director of the National Minerals Development Corporation, Mr. R. P. Kapoor, reports Reuter.

The Kudremukh project is being developed with Iranian assistance at a cost of $600m. Exports of 7.5m. tonnes of ore annually are expected to be shipped to Iran by 1980.

Mr. Kapoor told reporters that the cost includes construction of a 70 km. pipeline to transport ore concentrate in slurry form to the new port at Mangalore. Exports could begin four years after final agreements are signed in the near future, he said.

PLATINUM PRICE

London precious metal dealers yesterday began quoting only a middle price for platinum at the morning and afternoon fixings, reports Reuter.

A spokesman for the dealers said this has been decided after requests from continental sources. It is hoped it will encourage business—particularly among dealers—who can trade on this price and negotiate commission.

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for June-July shipment BWB £201, BWC £194, BWD £187. Tossa: BTB £203, BTC £196, BTD £189. Calcutta goods easier. Quotations c. and f. U.K. for June shipment, 10-oz. 40-in. £6.95, 7½-oz. £5.22 per 100 yards. July £7.00, £5.33, Aug.-Sept. £7.18, £5.43. "B" twills £23.38, £23.60, £23.41 for the respective shipment periods. Yarn and cloth very quiet.

LONDON—Quiet. Bangladesh White "C" grade June-July £200. "D" grade June-July £193 sellers. A long ton.

CALCUTTA—Steady. Indian June Rs.460.00. Dundee Daisee June Rs.420.00 values. A bale of 400 lbs.

COMPANY NOTICES

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in the Republic of Zambia)

NOTICE TO HOLDERS OF 5½ PER CENT. AND 5 PER CENT. REDEEMABLE CUMULATIVE PREFERENCE SHARES PREFERENCE DIVIDEND NO. 11 FOR SIX MONTHS ENDING 30TH JUNE, 1975

The directors of Nchanga Consolidated Copper Mines Limited announce the declaration of a dividend on the 5½ per cent. and 5 per cent redeemable cumulative preference shares in respect of the six months ending 30th June, 1975 at the rate of 5½ per cent. per annum and 5 per cent. per annum, respectively, less Zambian Withholding Tax at the rate of 20 per cent., equivalent to a net dividend of 4.4 per cent per annum and 4 per cent. per annum, respectively, payable to preference shareholders registered in the books of the company at the close of business on Monday, 16th June, 1975.

The transfer registers will be closed from 17th to 30th June, 1975 both dates inclusive, and dividend warrants will be posted on or about 30th June, 1975.

In respect of dividends payable by the London paying agents to preference shareholders whose registered addresses are in the United Kingdom or to preference shareholders who have mandated payment to addresses in the United Kingdom, there will also be deducted United Kingdom income tax at the rate of 20 per cent. which allows for double taxation relief at 15 per cent., except where authority has been received from the Inspector of Foreign Dividends to pay without such deductions. In all other cases no United Kingdom income tax will be deducted.

Towards the end of 1974, the Zambian Exchange Control Authorities advised that the payment of preference dividends would thence forward be subject to Exchange Control Regulations. The terms of the present regulations are such that the remittance of dividends is permitted only at the end of the financial year of the Zambian companies declaring such dividends and is subject to the amount being remitted not exceeding 50 per cent. of the proportion of the net profit attributable to the external shareholders or 30 per cent. of the capital of the company attributable to those shareholders, whichever is the lesser.

The company's last financial year ended on 31st March, 1975 and application has been made to the Exchange Control Authorities for permission to pay to shareholders resident outside Zambia Preference Dividends Nos. 10 and 11 in respect of the six months' periods ended 31st December, 1974 and 30th June, 1975, respectively.

By order of the Board
R. L. BWALYA
Secretary

74, Independence Avenue,
Lusaka,
Zambia
9th June, 1975

STOCK EXCHANGE REPORT

Further profit-taking brings widespread setback

Index down 9.7 at 352.3, after 347.5—Golds lower

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
May 19	May 29	May 30	Jun. 10
Jun. 2	Jun. 12	Jun. 13	Jun. 24
Jun. 16	Jun. 26	Jun. 27	Jul. 8

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets returned to reality yesterday after the recent advance in front of the EEC referendum. After Friday's slight setback, further profit-taking in leading equities saw prices tumble quite sharply from the outset, but closing levels were well above the worst. British Funds also came on offer and finished the day with falls extending to [illegible] — ment Securities index fell 0.37 to 58.35. Sentiment was not helped by receding hopes of early moves by the Government to combat the inflationary spiral following the Chancellor's dismissal of recent talk of an economic package.

The late technical rally in leading industrials was shown in the FT 30-share index which touched its lowest of the day at 2 p.m. with a fall of 14.5, but ended a net 9.7 down at 353.3. Selling in the earlier proceedings was of fairly modest proportions, the sharp setback mainly reflecting the very thin and sensitive conditions prevailing with jobbers unwilling to take stock on their books.

Second-line equities took their cue from the leaders, falls leading rises by about 6-1 in FT-quoted industrials and the FT-Actuaries All-share index giving up 2.8 per cent. to 149.77.

Gold mining shares met scattered selling and, with buyers holding off following the recent reaction in the dollar premium, prices closed with some fairly substantial losses. The Gold Mines index gave up 17.4 more to 371.6, making a loss of 42.8 over the last three trading days.

Gilts uneasy

The very quick replacement of Friday's exhausted short "tap" by a new issue of £600m. Treasury 9½ per cent., 1980, stock together with two £250m. tranches of existing low-coupon maturities caused unease in British Funds. Pressure was heaviest on low-coupon issues and losses extending to ¾ ensued with nearer-mediums falling by up to ½. The longs were notable for resistance in the early business when they were occasionally ¼ higher, but they closed with falls of that amount and sometimes more despite last month's improved wholesale price index.

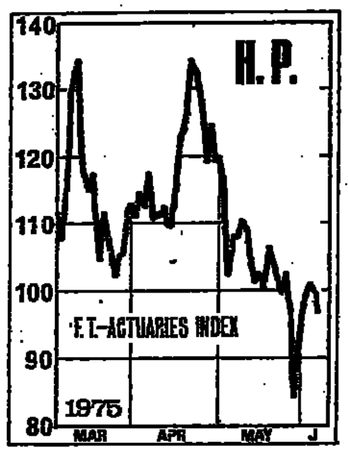
Continuing the easier tendency of the previous week, the investment currency premium fell to 88 per cent. before rallying to 91¾ and then reacting again to close a net 1¾ lower at 89½ per cent. American stocks were featured by a fall of 11 to £155 in IBM, this being attributed to both premium and Wall Street influences. Yesterday's SE conversion factor was 0.5944 (0.5867).

Banks dip and rally

A revival of nationalisation talk restricted business in the big-four banks and prices tended to drift lower on small selling and lack of support. A late rally, however, helped cut early losses of 10 by more than a half. Lloyds ended only 4 lower at 258p, after 252p, as did National Westminster at 268p, after 262p. Bank of Scotland were similarly affected and closed 5 lower at 285p, after 280p. Bank of Ireland shed 15 to 470p. Overseas issues continued to be governed by the continuing decline of the investment dollar premium. Merchant Banks had contrasting features in Hambros which lost 10 to 145p ahead of Thursday's results and Leopold Joseph which rose that amount to a 1975 "high" of 200p following small buying in a thin market.

Profit-taking after the recent strong advance brought widespread falls to Insurances. Sun Alliance shed 19 to 423p, while the "New" nil-paid shares declined 11 to 111p premium. "Royals" gave up 12 to 320p and Guardian Royal Exchange 8 to 210p, while Prudential shaded 3 to 128p with the "New" slipping 4 to 24p premium, after 21p.

Some fairly persistent light selling in an unwilling market was enough to take Distillers



down 7 to 142p, after 141p, in Distilleries where profit-taking also caused Long John International, 137p, to lose 12 of last Friday's gain of 14. Losses of 7 and 8 respectively were recorded in Arthur Bell, 108p and Teacher (Distillers), 195p. Breweries also closed easier throughout but off the bottom following bear closing. After touching 68½p, Allied ended 2 cheaper at 71p. J. W. Cameron eased 2 to 108p: the interim results are due to-day.

A. Gunn were a firm feature at 59p, up 14, following a couple of sizeable buying orders in a restricted market, but other Buildings moved lower on small selling and lack of support. Associated Portland Cement reacted 7 to 151p, while Tarmac, 135p, and Geo. Wimpey, 127p, lost 5 apiece. Taylor Woodrow, at 308p, gave up Friday's rise of 4 which followed the chairman's remarks at the annual meeting. Similar losses were sustained by Redland, 90p, and Rugby Portland, 69p, while London Brick finished 3 cheaper at 52p.

After reacting to 295p, ICI rallied to close 4 easier on the day at 298p. Hoechst fell 20 to 403p, while Albright and Wilson and Alida Packaging were both 3 cheaper at the common price of 73p. Having touched 72p following the Zapex North Sea oil drilling tests, Carless Capel slipped back to close 5 better on balance at 69p, the preliminary figures are expected to-day.

Petbow advance

Electrical leaders drifted down on light selling, before partially recovering during the afternoon. EMI halved an initial loss of 8 to close a net 4 off at 184p, while Plessey, 73p, after 71p, and BICC, 128p, after 126p, both ended 3 easier. Philips' Lamp, partly on the investment premium, receded 17 to 770p. Elsewhere, Petbow Holdings provided a bright exception with an advance of 12 to a 1975 peak of 102p in response to favourable Press comment ahead of to-morrow's annual results. Dale Electric were also in firm vein, adding 3 at a "high" for the year of 120p. Chloride, however, contrasted with a fall of 8 at 111p in front of annual figures due to-day.

Marks and Spencer headed a fairly lengthy list of falls in Stores, falling to 239p before closing 9 easier on the day at 241. "Gussies" "A" came back 7 to 192p and British Home Stores 11 to 357p. Among secondary issues, Mothercare declined 12 to 176p. Allied Retailers finished 3 off at 79p following news of a substantial property deal.

Certain leading Engineerings wilted, none more than GKN which fell to 252p before closing 12 down on balance at 254p. Tube Investments shed 8 to 296p, after 292p, and Vickers came back 5 to 141p. Losses otherwise were relatively small, although Ransomes Sims lost 5 to 130p and Turriff 4 to 70p. Newspaper mention took Hartle Machinery up 3½ to 28½p and C. and W. Walker 3 higher to 98p, while Camford gained 2 more to 37p in continued recognition of the good first-half. News of the 13p per share bid saw Wright-Scriven ease ½ to 12½p, but Sheffield Twist improved 1 to 71p after the latest Thorn Industries communication. Expanded Metal rose 4 to 63p and Fluidrive 3 to 25p.

Tate and Lyle led the retreat in Foods, closing 11 cheaper at 255p, after 253p. Associated British Foods shed 2 to 66½p despite preliminary results in line with general expectations, while sympathetic falls of 2 occurred in RHM, 44p, and Spillers, 43p. J. Sainsbury reacted 4 to 174p, while Fitch Lovell eased 3 to 67p. Rowntree Mackintosh dipped 7 to 150p, and other notable casualties included J. Bibby, 4 off at 79p, and Kinloch (Provision Merchants), 6 easier at 132p. Supermarkets had Tesco 2½ cheaper at 47½p.

J. Lyons "A" gave up 12 at 158p, while declines of about 5 were seen in Ladbroke, 168p, and Trust Houses Forte, 107p.

Pilkington fall

Moderate selling in an unwilling market caused a setback in miscellaneous Industrial leaders, but prices later showed some recovery. Pilkington were an outstanding dull spot, finishing close to the day's lowest with a fall of 15 at 197p ahead of Friday's results. BOC International, with interim figures due Thursday, ended only a fraction off at 57½p, after 55½p. Further profit-taking after the favourable "rights" offer terms brought Glaxo back to 438p before a rally to 448p, a net loss of 12. Falls of about 6 were sustained by Bowater, 179p, after 175p, Reed International, 265p, and Unilever, 396p, after 388p. Elsewhere, Macfarlane Group were an isolated firm market at 92p, up 7, on satisfaction with the generous "rights" off, dividend forecast and increased first-quarter profits. Johnson Matthey, however, receded 8 to 332p, in front of to-day's results. Adverse Press comment ahead of Thursday's annual figures left Valor, 24p, and Deferred, 20p, both 2 easier. Bensons International lost 10 to 88p and Wm. Baird 7 to 67p, while Hanson Trust, 155p, and Hay's Wharf, 114p, declined 6 apiece.

Motors and Distributors had a couple of firm features. Press comment helped Godfrey Davis to improve 6 to a 1975 peak of 34p, while York Trailer advanced similarly to 32p following small buying in a restricted market. On a less cheerful note, Dunlop were finally 3 off at 54p, after 52p, and Rolls-Royce shed 2 to 65p. Associated Engineering were also on offer at 59p, down 4, while Flight Refuelling ended a penny cheaper at 17p, the latter following the chairman's comments on prospects.

Newspapers fared reasonably well, although United lost 5 to 230p and News International 8 to 112p. In Paper/Printings, DRG slipped to 114p before closing a net 3 cheaper at 116p, while Wace fell 4 to 14p on the sharply lower profits. Chapman (Balham) remained at 97p, up 2, after the late announcement of increased annual revenue. Elsewhere, Lion International finished unchanged at 29p, after 27p, the news of the assets sale for £1.24m. having little impact.

A depressed market of late on the gloomy interim results from MEPC, leading Properties gave fresh ground in thin trading before picking up later. MEPC were finally 2 easier at 122p, after 118p, while Land Securities, with annual results due next Tuesday, finished 3 cheaper at 176p, after 173p. Favourable Press mention failed to stimulate English Property, a fraction down at 85p, Land and House shed 2 to 77p awaiting to-day's interim statement. Declines of 5 were recorded in Great Portland Estates, 210p, Haslemere Estates, 209p, and Barratt Development, 105p, while Percy Bilton lost 4 to 128p and Forum Properties 2½ to 19p.

Oils slip back

Apart from the general trend, Oils were affected by the possibility of OPEC increasing posted oil prices and Shell gave up 6 to 327p, after 323p, while British Petroleum shed 4 to 518p, after 512p; confirmation that the latter were holding discussions with the Norwegian authorities regarding certain refining and marketing activities of BP in that country were not really a factor. Ultramar slipped 7 to 215p and British-Borneo 8 to 158p, but Berry Wiggins rallied late from 73p to 78p, for a net rise of 3. Siebens Oil and Gas (U.K.) were quoted ex "rights" at 555p, down 45, with the new nil-paid shares at 260p premium.

Overseas Traders made a dull showing, although Lonrho, after temporarily easing to 146p on the interim results, improved on "cheap" buying to 150p for a net gain of 3. Inchcape receded 22 to 363p and Booker McConnell 6 to 161p. Harrisons and Crosfield shed 25 to 975p in front of to-day's preliminary results.

Trusts and Financials generally closed lower on profit-taking. Capital shares which have been strong performers of late were particularly weak. Dualvest shed 16 to 138p and Triplevest lost 10 to 122p, while losses of 8 were seen in Altifund, 157p, M and G Dual, 114p and New Throgmorton, 58p. Bishopsgate Property and General Investments were also 8 off at 50p. Dalgety came back 9 to 224p and S. Pearson 6 to 121p. Estates and General, on the other hand, edged forward a penny to 15p on Press comment.

Business was very thin in Shippings and generally all one way. Adverse Press comment brought about a reaction of 4 to 101p, after 99p, in P and O Deferred, while persistent small selling took British and Commonwealth down 7 to 175p and Reardon Smith 20 to 430p.

In dull Textiles, Courtaulds encountered profit-taking and lost 4 to 131p, after 129p. Tobacco leaders were similarly affected but closed well off the bottom, Imps in fact ending unaltered at 62p after 59p.

Crosby House stood out in otherwise lethargic Teas, rising 9 to 101p in response to good preliminary results. Among Rubbers, Guthrie fell 17 to 225p, after 223p, in sympathy with the easier industrial market trend.

Golds fall afresh

The decline in Gold shares reflecting the recent setback in the investment dollar premium continued yesterday. After losing 40 points last week, the Gold Mines index fell 17.4 more to 371.6 yesterday while bullion was 50 cents up at $165.75 per ounce. Scattered offerings of stock found the market almost devoid of buying with Continental and transatlantic interest stifled by fears of a further fall in the premium.

Losses in the heavyweights ranged to £2¼ in Western Holdings at £35 while West Drie (£46), President Steyn (£18¼) and St. Helena (£31¾) were all around £1 lower. Elsburg gave up 30 at 355p as did Loraine at 410p.

Financials mirrored Golds and were also unsettled by the fall in the U.K. Industrial market although the latter staged a recovery during the afternoon. Gold Fields, after being down to 247p, ended only 1 off at 255p and RTZ were finally 4 lower at 190p after 186p.

Silvermines picked up 3 at 63p on hopes for the Celtic sea interests, while similar considerations, but in the North Sea, left Acmex ½ harder at 17½p.

In a quiet Platinum sector Potgietersrust gave up 4 at 26p but helped by Press comment Lydenburg held steady at 12p. Where changed, Coppers were lower with Messina losing 15 at 330p.

An otherwise dull Australian section was featured by a 7 jump to a year's high of 20p in Valiant Minerals on consideration of the company's Australian tin interests.

Further consideration of the Haw Par bid situation in the light of the London take-over panel ruling left London Tin 3 easier at 177p. Of the companies in the London Tin group, Malayan Tin fell 12 to 195p and Ayer Hitam were 8 down at 140p. Elsewhere, following the latest increased capital cost estimate for the proposed zinc-lead mine at Navan in Ireland, Tara Exploration fell a half-point to £10½.

FINANCIAL TIMES STOCK INDICES

	June 9	June 6	June 5	June 4	June 3	June 2	A year ago
Government Secs.	58.35	58.72	58.51	58.26	58.28	57.99	[illegible]
Fixed Interest	59.14	58.51	58.65	58.16	58.18	57.96	[illegible]
Industrial Ordinary	352.3	362.0	356.3	359.0	350.8	[illegible]	[illegible]
Gold Mines	371.6	389.0	393.0	414.4	412.2	410.9	[illegible]
Ord. Div. Yld.	5.64	5.49	5.45	5.57	5.57	[illegible]	[illegible]
Earnings Yld.% (full)	16.59	16.44	16.57	16.89	17.29	17.34	[illegible]
P/E Ratio (net) (*)	8.46	8.66	8.55	8.29	8.19	8.13	[illegible]
Dealings marked	8,628	7,953	7,777	7,629	7,741	5,290	[illegible]
Equity turnover £m.	—	107.41	93.51	96.67	75.59	70.28	[illegible]
Equity bargains total	—	25,803	22,198	21,897	20,781	19,048	[illegible]

10 a.m. 353.3. 11 a.m. 354.5. Noon [illegible]. 1 p.m. 347.9. 2 p.m. [illegible]. 3 p.m. [illegible].

Latest Index [illegible]. (*) Nil = 8.46.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec., 1942.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (21/3)	46.18 (3/1)	127.4 (9/1/35)	46.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.3 (5/6)	146.0 (3/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (3/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 9	June 6
Daily—		
Gilt-Edged	149.0	[illegible]
Industrials	317.2	[illegible]
Speculative	75.9	[illegible]
Totals	196.4	[illegible]
5-day Av'rge		
Gilt-Edged	146.5	[illegible]
Industrials	267.5	267.1
Speculative	69.7	[illegible]
Totals	178.3	[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity Groups / Groups & Sub-sections	Mon. June 9 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Friday June 6 Index No.	Thurs. June 5 Index No.	Wed. June 4 Index No.	Tuesday June 3 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	127.01	−3.2	18.74	6.26	7.89	7.88	131.26	129.84	128.77	126.60	104.11	131.26 (6/6)	51.78 (6/1)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	107.53	−4.3	20.58	7.24	7.43	7.43	112.33	111.84	111.17	109.80	103.44	117.40 (22/4)	48.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	234.20	−5.1	15.45	3.81	9.02	9.08	241.73	237.53	234.83	231.55	171.92	251.61 (25/4)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	226.25	−3.6	16.55	5.19	8.71	8.70	234.64	231.88	228.38	224.44	195.13	234.64 (6/6)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	151.75	−1.5	22.75	7.12	6.62	6.62	154.06	153.11	153.70	151.74	109.92	169.79 (22/4)	64.39 (2/1)	202.57 (8/5/73)	64.39 (2/1/75)
6	Engineering (General) (65)	115.49	−3.3	19.35	7.04	7.58	7.58	117.40	115.71	116.03	112.62	84.90	117.40 (6/6)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (11)	43.42	−0.3	13.26	7.87	13.95	13.95	43.56	43.87	44.03	43.77	35.58	48.98 (20/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (23)	120.50	−1.0	20.16	6.47	7.17	7.17	121.76	121.18	120.34	118.28	94.25	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	90.44	−2.9	19.81	6.78	7.45	7.44	93.15	92.05	90.97	88.69	91.83	93.15 (6/6)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	102.76	−3.4	19.85	4.99	7.30	7.29	106.34	105.91	104.32	100.87	110.64	106.34 (6/6)	44.28 (6/1)	287.41 (19/5/72)	42.85 (13/12/74)
11	Household Goods (15)	141.29	−2.5	29.87	7.52	4.84	4.84	144.86	143.88	142.84	141.53	146.49	146.90 (25/4)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	49.67	−2.4	15.49	8.96	10.08	10.01	50.91	49.63	49.19	48.18	45.39	50.91 (6/6)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	141.56	−3.3	14.19	5.76	10.04	9.99	146.45	145.68	145.68	142.97	111.07	146.45 (6/6)	61.98 (6/1)	226.08 (16/6/72)	61.41 (13/12/74)
14	Breweries (16)	155.66	−4.4	12.74	6.51	11.75	11.73	163.83	159.07	158.96	158.01	150.13	[illegible]	[illegible]	[illegible]	[illegible]
15	Wines and Spirits (6)	167.23	−5.2	13.54	5.61	10.89	10.89	176.43	172.70	173.66	168.73	146.42	[illegible]	[illegible]	[illegible]	[illegible]
16	Entertainment, Catering (16)	152.57	−3.6	14.12	7.37	10.43	10.45	158.26	157.71	158.14	154.07	126.89	[illegible]	[illegible]	[illegible]	[illegible]
17	Food Manufacturing (22)	151.57	−3.3	13.61	5.16	9.99	9.94	156.57	155.61	156.50	152.64	110.73	[illegible]	[illegible]	[illegible]	[illegible]
18	Food Retailing (16)	143.09	−3.7	10.85	4.37	13.55	13.55	148.65	148.65	149.17	145.81	101.78	[illegible]	[illegible]	[illegible]	[illegible]
19	Newspapers, Publishing (15)	151.68	−0.3	15.75	6.50	9.56	9.56	152.14	151.03	151.04	147.56	129.21	[illegible]	[illegible]	[illegible]	[illegible]
20	Packaging and Paper (13)	101.86	−3.2	23.68	6.67	6.23	6.24	105.21	104.76	103.63	101.30	76.91	[illegible]	[illegible]	[illegible]	[illegible]
21	Stores (30)	127.44	−3.5	10.82	5.09	13.83	13.83	132.13	131.87	131.79	130.07	90.15	[illegible]	[illegible]	[illegible]	[illegible]
22	Textiles (19)	138.61	−3.3	25.22	6.44	4.75	4.59	143.34	142.80	144.06	141.36	117.40	[illegible]	[illegible]	[illegible]	[illegible]
23	Tobacco (3)	191.42	−1.6	17.50	6.96	8.60	8.60	194.44	196.69	194.54	190.14	178.59	[illegible]	[illegible]	[illegible]	[illegible]
24	Toys and Games (6)	43.98	−0.2	23.72	7.01	4.87	4.87	44.08	43.56	43.14	42.32	40.33	[illegible]	[illegible]	[illegible]	[illegible]
	OTHER GROUPS (92)															
25	Chemicals (25)	188.23	−2.1	19.21	4.85	7.42	7.42	189.17	188.51	186.55	181.83	157.89	[illegible]	[illegible]	[illegible]	[illegible]
26	Office Equipment (10)	94.01	−3.2	15.19	5.64	8.86	8.86	97.12	96.79	97.88	97.39	115.34	[illegible]	[illegible]	[illegible]	[illegible]
27	Shipping (11)	359.33	−3.3	22.26	6.69	5.75	5.55	371.61	367.81	370.90	362.22	345.89	[illegible]	[illegible]	[illegible]	[illegible]
28	Miscellaneous (46)	148.44	−3.3	17.77	6.36	8.13	8.13	153.58	152.46	152.56	149.52	124.45	[illegible]	[illegible]	[illegible]	[illegible]
29	INDUSTRIAL GROUP (496)	138.96	−3.1	16.66	5.87	8.62	8.59	143.43	142.45	141.96	139.42	113.75	[illegible]	[illegible]	[illegible]	[illegible]
30	OILS (4)	290.81	−1.3	25.30	6.22	4.24	3.95	294.57	294.24	296.47	292.00	218.04	[illegible]	[illegible]	[illegible]	[illegible]
31	500 SHARE INDEX	151.60	−2.8	17.95	5.77	7.47	7.51	156.14	155.21	154.93	152.21	122.62	[illegible]	[illegible]	[illegible]	[illegible]
32	FINANCIAL GROUP (100)	141.51	−2.8	—	6.13	—	—	145.38	144.69	144.44	142.82	112.71	[illegible]	[illegible]	[illegible]	[illegible]
33	Banks (6)	171.60	−2.3	21.56	4.59	6.90	6.90	175.64	177.11	170.80	166.50	157.30	[illegible]	[illegible]	[illegible]	[illegible]
34	Discount Houses (9)	157.22	−1.3	—	7.64	—	—	159.25	157.62	158.41	157.98	133.77	[illegible]	[illegible]	[illegible]	[illegible]
35	Hire Purchase (5)	96.53	−3.0	25.86	9.49	5.14	4.71	99.47	100.91	99.86	98.38	110.15	[illegible]	[illegible]	[illegible]	[illegible]
36	Insurance (Life) (9)	114.26	−4.2	—	5.98	—	—	119.23	118.16	118.68	116.20	93.46	[illegible]	[illegible]	[illegible]	[illegible]
37	Insurance (Composite) (7)	114.19	−4.0	—	5.77	—	—	118.93	117.12	118.46	117.69	73.73	[illegible]	[illegible]	[illegible]	[illegible]
38	Insurance (Brokers) (8)	204.15	−2.6	9.83	4.29	15.08	15.08	209.64	210.14	209.25	204.26	145.35	[illegible]	[illegible]	[illegible]	[illegible]
39	Merchant Banks (19)	89.11	−2.1	—	5.97	—	—	91.06	89.81	88.12	88.19	99.86	[illegible]	[illegible]	[illegible]	[illegible]
40	Property (32)	187.93	−1.4	4.35	3.35	35.51	32.74	190.63	189.45	198.58	200.65	147.56	[illegible]	[illegible]	[illegible]	[illegible]
41	Miscellaneous (5)	75.18	−0.7	15.37	8.64	10.98	10.86	75.68	74.82	72.76	72.26	94.18	[illegible]	[illegible]	[illegible]	[illegible]
42	Investment Trusts (50)	174.55	−2.3	—	3.90	—	—	178.55	177.29	175.49	175.08	123.17	[illegible]	[illegible]	[illegible]	[illegible]
43	ALL-SHARE INDEX (650)	149.77	−2.8	—	5.53	—	—	154.09	153.20	152.84	150.39	119.73	[illegible]	[illegible]	[illegible]	[illegible]
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	472.67	−2.8	10.98	6.94	10.79	10.32	486.23	495.56	500.29	499.50	380.15	[illegible]	[illegible]	[illegible]	[illegible]
45	Teas (10)	96.13	—	20.05	8.32	6.35	5.87	96.13	96.80	95.47	95.05	105.21	[illegible]	[illegible]	[illegible]	[illegible]
46	Coppers (3)	400.56	−2.6	49.03	18.85	2.04	2.04	411.09	415.65	425.49	426.49	393.58	[illegible]	[illegible]	[illegible]	[illegible]
47	Mining Finance (11)	152.86	−1.6	9.18	3.98	11.86	11.85	154.94	156.85	160.94	159.59	96.46	[illegible]	[illegible]	[illegible]	[illegible]
48	Tins (8)	106.65	−3.8	9.56	7.77	15.47	11.57	110.92	111.37	112.69	114.49	91.97	[illegible]	[illegible]	[illegible]	[illegible]
49	Overseas Traders (13)	252.55	−2.2	15.07	3.98	8.44	8.42	257.81	258.66	240.76	238.02	—	[illegible]	[illegible]	[illegible]	[illegible]

	FIXED INTEREST	Monday, June 9 Index No.	Yield %	Friday June 6	Thurs. June 5	Wed. June 4	Tuesday June 3	Monday June 2	Friday May 30	Thurs. May 29	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.66	14.54	14.63	14.63	14.62	14.73	14.93	14.92	14.05	[illegible]	[illegible]	[illegible]	[illegible]
2	20-yr. Govt. Stocks (6)	47.52	13.83	47.80	47.65	47.46	47.50	47.50	47.10	47.25	51.56	[illegible]	[illegible]	[illegible]	[illegible]
3	20-yr. Red. Deb. & Loans (15)	45.92	15.91	46.23	46.16	46.13	46.14	45.80	45.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trust Prefs. (15)	42.24	16.39	42.19	[illegible]	42.51	42.66	42.66	42.76	42.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Coml. and Indl. Prefs. (20)	59.37	15.87	59.29	59.17	59.06	59.01	58.93	59.09	59.20	59.75	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Manufacturing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Engineering (General)	31/12/71	[illegible]	Insurance Brokers	29/12/67	96.67
Wines and Spirits	10/1/70	[illegible]	Mining Finance	29/12/67	100.00
Toys and Games	16/1/70	135.72	All Others	10/4/62	100.00
Office Equipment	16/1/70	[illegible]			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			

† Redemption yield. A list of the constituents of the FT-Actuaries indices is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post [illegible]. CONSTITUENT CHANGE: [illegible] has been replaced by Macarthys Pharmaceuticals (Chemicals).

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	28	298	−4	302	118
Marks & Spencer	25p	17	241	−9	256	93
Distillers	50p	14	142	−7	149	63
EMI	50p	14	184	−4	200	62
Shell Transport	25p	14	327	−6	343	118
Barclays Bank	£1	13	318	−4	322	112
BP	£1	11	518	−4	535	190
Glaxo	50p	11	448	−12	473	198
Commercial Un.	25p	10	176	−5	194	72
Cons. Gold Fields	25p	10	255	−1	290	183
Courtaulds	25p	10	131	−4	140	53
Thorn Elect.	25p	10	166	−6	172	44
BATS	25p	9	333	−2	338	184
Burmah Oil	£1	9	26	−1	55	17
Dunlop	50p	9	54	−3	59	27

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 10	Jun. 23	Sept. 4	Sept. 16
Jun. 24	July 7	Sept. 18	Sept. 30
July 8	July 21	Oct. 2	Oct. 14

"Calls" were dealt in First National Finance, Eastern Produce, Lonrho, Land Securities, [illegible] Trust, Rediffusion and Horizon Midlands. A "put" was done in UDS, while "doubles" were arranged in National Westminster Bank warrants, Eastern Produce and Consolidated Gold Fields.

Industrials						Mines	
A. P. Cement	20	Grand Met.	9	Slater Walker	[illegible]	Anglo Amer.	[illegible]
[illegible]	[illegible]	G.U.S. 'A'	[illegible]	Spillers	[illegible]	[illegible]	[illegible]
Babcock	[illegible]	Guardian	[illegible]	Tesco	[illegible]	[illegible]	[illegible]
Barclays Bank	25	G.K.N.	20	Thorn 'A'	[illegible]	Charter Cons.	[illegible]
Beechams	20	Hawker Sidd.	20	Tube Invest.	[illegible]	Chart'd Fin.	[illegible]
Boots Drug	[illegible]	House of Fraser	10	Unilever	[illegible]	Cons. Gold	[illegible]
Bowaters	20	I.C.I.	25	Utd. Drapery	[illegible]	De Beers Dfd.	[illegible]
B.A.T.	25	"Imps"	7	Vickers	[illegible]	F.S. Geduld	350
British Leyland	3	I.C.L.	25	Woolworths	[illegible]	[illegible]	[illegible]
		Inveresk	5	Property		[illegible]	[illegible]
				Brit. Land	4	[illegible]	[illegible]
Burton 'A'	9	Legal & General	17	Cap. Counties	7	Hampton Prop.	4
Cadburys	6	Lloyds Bank	30	E.P.	11	Kloof	140
Courtaulds	14	"Lofs"	7	Int. Europe	7	Lonrho	19
Debenhams	11	"Mams"	9	Land Securities	22	Loraine	55
Distillers	15	Marks & Sp'ncer	26	Peachey	7	Metals Explor.	8
Dunlop	6	Midland Bank	32	Town & City	6	Poseidon	55
Eagle Star	16	Nat'l West Bank	30	Town & Comm.	7	Pres. Steyn	275
E.M.I.	20	P & O Dfd.	16			Rio T. Zinc	40
First National	3	Plessey	10	Oils		Welkom	55
G.R.A. Trust	7	R.H.M.	7	Brit. Petroleum	45	West Areas	75
Gen. Accident	16	Rank Org. 'A'	25	Burmah Oil	6	Western M'ng.	15
Gen. Electric	14	Reed Int'l	28	Shell	30	Zambia Copp	10
Glaxo	40			Ultramar	21		

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1975.

NEW HIGHS (43)

COMMONWEALTH & AFRICAN LOANS (1) [illegible]

BANKS (1) [illegible]

BUILDINGS (3) [illegible]

CHEMICALS (2) [illegible]

DRAPERY & STORES (1) [illegible]

ELECTRICALS (2) [illegible]

ENGINEERING (6) [illegible]

FOODS (1) [illegible]

INDUSTRIALS (10) [illegible]

MOTORS (2) [illegible]

PAPERS (1) [illegible]

SOUTH AFRICANS (1) [illegible]

TEXTILES (1) [illegible]

TRUSTS (6) [illegible]

RUBBERS (1) [illegible]

MINES (1) [illegible]

NEW LOWS (4)

BEERS (1) [illegible]

BUILDINGS (1) [illegible]

HOTELS (1) [illegible]

OILS (1) [illegible]

RISES AND FALLS

	Up	Down	Same
British Funds	—	39	15
Corpns. Dom. and Foreign Bonds	2	3	40
Industrials	125	725	882
Financial and Prop.	33	334	268
Oils	2	13	11
Plantations	1	12	35
Mines	12	98	49
Recent Issues	4	28	21
Totals	183	1,252	1,341

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	9½%
Banco de Bilbao	9½%
Banco de Jerez	[illegible]
Bank of Cyprus	10 %
Banque du Rhone S.A.	10½%
Barclays Bank	9½%
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	*9½%
Copleys Bank	9½%
Corinthian Securities	[illegible]
Credit Lyonnais	9½%
G. R. Dawes	11½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11 %
First London Secs.	10½%
■ Antony Gibbs	9½%
Goode Durrant Trust	10½%
Greyhound Guaranty	10½%
Grindlays Bank	9½%
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	†10 %
C. Hoare & Co.	†9½%
Julian S. Hodge	11½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	[illegible]
Kingsnorth Securities	11½%
Lloyds Bank	9½%
London & European	11½%
London Mercantile	[illegible]
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	10½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10½%
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Acceptcs.	9½%
Royal Trust of Canada	9½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	10½%
Standard & Chartered	9½%
Sterling Credit	11 %
Stewart Salmon & Co.	9½%
Thames Guaranty	11 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11 %
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10½%
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month deposits 6¼%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½% and over £25,000 7%.
‡ Demand deposits [illegible].

I.G. INDEX GOLD [illegible]

CORAL INDEX Close [illegible]

INSURANCE BASE RATES

† Atlantic Assurance	11½%
Cannon Assurance	9 %
[illegible]	[illegible]

MONEY MARKET

Exceptional help

Bank of England Minimum Lending Rate 10% (Since May 2, 1975)

Day-to-day credit was in markedly short supply in the London money market yesterday, and the authorities gave an amount of assistance described as "exceptionally large," through "very large" purchases of Treasury and local authority bills from the Discount houses and "moderate" loans to three or four Discount houses for one day at the Bank of England Minimum Lending Rate of 10 per cent. In spite of the official help, closing balances were found in a number of cases with difficulty. Banks had carried over a shortage from Friday, there was a net market take-up of Treasury bills, the authorities held maturing bank and local authority bills, while gilt-edged settlements were a very large factor running against the market's favour. Government disbursements, on the other hand, were slightly greater than revenue transfers to the Exchequer.

Discount houses paid 9½ per cent. for secured call loans in the earlier part in a number of cases, but offered 8¾ per cent. in some instances, and took late balances widely at 9-9¾ per cent. In the inter-bank market, overnight loans ranged from about 8-9½ per cent.

Short-term fixed-period rates in the various sectors showed some reductions. The one-month sterling certificate yield was unchanged on balance, at 9½-9¾ per cent., while the three-month fell to 9⅝-9⅞ per cent., from Friday's 9¾-9⅞ per cent., and the one-year to 10⅜-10⅝ per cent., from 11-10¾ per cent. But in the bank bill market, for instance, on the other hand, slightly increased rates were quoted by some dealers.

Rates in the table below are nominal in some cases.

June 9 1975	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	[illegible]	8-9¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible] Finance House Base Rates (published by the Finance Houses Association): [illegible]. Treasury Bills: Average tender rates of discount [illegible].

AUTHORISED UNIT TRUSTS

(a) The British Life Office Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	40.1	41.8	−1.3	5.20
BL Balanced*	29.3	31.0	......	4.82
BL Capital*	31.6	33.5	......	5.28
BL Dividend*	27.5	29.1	......	9.53

Prices on June 4. Next dealing June 11.

(a)(g) G. and A. Un. Tst. Mgrs. Ltd.♥
5, Rayleigh Rd., Brentwood. (0277) 227300.

G. & A.	23.4	25.0xd	−0.8	5.23

Gartmore Fund Managers♥
2, St. Mary Axe, EC3A 8BP. 01-283 3531.

British Trust	33.9	36.4	−0.9	4.38
High Inc. Tst.	29.9	32.1	......	11.29
(z)Overseas Tst.	25.8	27.7	......	1.50

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	12	......	Gardner (L.)	62	−1	Shiloh Spinn.	23	......
Ash Spinning	36	......	Graig Ship. £1	478	......	Sindall (Wm.)	45	......
Bertam	16	......	Hallam Sleigh 10p	9	......	Vincent (H.)	85	......
Brady (G.) 'A'	54	......	Higsons Brew.	97	......	**IRISH**		
Bdg'wtr. Est. 50p	£135	......	I.O.M. Stm. £1	118	......			
Clover Croft	35	......	Holt (Jos.) 25p	188	......	Alliance Gas (£1)	56	......
Craig & Rose £1	312	......	Kleen-e-Ze	38	......	Carroll (P. J.)	115	......
Dundee Ice £1	295	......	Lovell's Ship £1	130	......	Clondalkin	59	+2
Dyson (R.A.)	35	......	N'thn. Goldsmith	65	−5	Concrete Prods.	72	......
Ellis & McHdy.	57	......	P.M.A.	37	+2	Goodbody (£1)	38	......
Evans Fr'k 10p	31	......	Pearce (C. H.)	60	......	Heiton (Hldgs.)	31½	......
Evered	13	......	Peel Mills	18	......	Irish Distillers	66	−1
Fife Forge	48	......	Richards 10p	9	......	Irish Wire	40	......
Finlay Pkg. 5p	16	......	RobbCaledon 5p	50	......	Jacob	55	......
Frost & Reed 50p	91xd	+1	Sayers 12½p	9p	......	Sunbeam	13	......
Gardiner & Sons	11	......	Sheff. Refrshmt.	150	......	Unidare	68	+3

ART GALLERIES

MAAS GALLERY. BLANDFORD FLETCHER (1858-1936). Paintings and drawings and ROSAMUND FLETCHER sculpture. Until 20th June. Weekdays 10-5. Sats. 10-12. At 15a, Clifford Street, London, W.1. Tel. 01-734 2302.

ROYAL ACADEMY SUMMER EXHIBITION. Contemporary paintings, sculptures, etc. Until 27 July. Wkdays 10-6. Suns. 2-6. Adm. 66p. (Mondays 30p). And the PRIVATE ROOMS AND COLLECTED TREASURES. Until 31st Oct. Wkdys. 10-6 (closed Tuesday). Sun. 2-6. Adm. 50p. Students and pensioners half-price.

EGER GALLERY. Exhibition of English Paintings. Reynolds, Romney, Lawrence, etc. Mon.-Fri. 9-5.30. 13, Old Bond Street. Until June 27th.

AGNEW GALLERY, 43, Old Bond Street, W.1. 01-629 6176. MASTER PAINTINGS —An Exhibition of Recent Acquisitions. Until 4 July. Mon.-Fri. 9.30-5.30. Thurs. 9.30-7.00.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of old marine, military, sporting and topographical prints and paintings and ships models.

WILDENSTEIN. PIERRE PRINS (1838-1913). Paintings, Pastels and Drawings. Weekdays 10-5.30. Saturdays 10-12.30. Until 20th June. Admission free. 147, New Bond Street, London, W.1.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

S. G. Warburg & Co. Ltd.ϕ
30, Gresham Street, EC2. 01-600 4555

CMT Ltd. May 29	$10.08	10.86	......	—
Do. Bd. June 6	$US4.20	[illegible]	+0.03	—
Engy Int. June 6		$US13.39	+0.01	—
Grsh. St. $Fd. My 30		$US7.36	......	—
MT Ltd. May 8		$US12.18	......	—

World Wide Growth Managementϕ
10a, Boulevard Royal, Luxembourg.

World Wide Gth. Fd.	$US12.[illegible]	+0.09	+0.09	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains. § Guernsey yield. # Suspended. ☆ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (MISCEL.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium [illegible] (based on $2.3165 per £)

CANADIANS

[illegible]

S.E. List Premium [illegible] (based on $2.2762 per £)

Conversion factor 0.5844 (0.5867)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
47	20	Kelsey Ind. 12½p.	41xd	−1	d19¾	4.7	9.3	3.5
17	9	Kennedy Sm. 10p.	15½	+1½	14.4	1.0	14.3	10.4
870	325	Kershaw (A.) 5p	850	......	240.1	0.7	2.2	43.7
200	66	Kleeman	200	......	15.6	4.1	3.0	12.6
39	15	Kode Int.	29	......	4.9	φ	6.5	φ
59	24	L.C.P. Hlds	56	−1	11.2	2.3	7.7	8.3
21	11	L.K. Ind. Inv.	19xd	......	d7.8	φ	15.9	φ
29	13½	L.R.C. Int. 10p	27½	−1½	26.7	1.9	14.9	4.9
101	56	Lamson Inds	88	−3½	11	3.5	4.8	6.6
40	30	Lawtex	31	......	10.3	4.2	12.8	2.3
118	48	Lead Inds. 50p	116	−2	9.4	5.9	6.2	4.2
40	17	Le Bas (Ed)	34	−2	5.5	φ	6.3	3.6
40	15	Leboff Fobel 10p.	35½	......	10.3	φ	4.4	φ
43	19	Lebus Harris	42	......	8	0.2	7.3	—
21	12	Leigh (L.) 5p	20	......	14.7	5.8	5.7	4.7
71	35	Leisure Car. 10p.	69	......	44.2	φ	10.3	φ
160	59	Lep Group 10p	155	......	23.6	9.4	2.3	5.4
27	12	Lesney Prods. 5p.	20	......	15.5	7.0	6.1	3.1
43	13	Letraset 10p	37	−3	12.3	6.8	5.1	3.4
20½	5½	Liden 10p	19¾	−¼	1.7	2.4	1.3	39.3
45	17	Light & Leis. 10p.	44	−1	g23.6	3.6	8.8	5.4
50	35	Lindsay & Wms.	50xd	......	12.2	φ	9.4	φ
62	29½	Lindustries	60	......	15	3.4	9.6	4.4
51	33	Lipton (L.)	45xd	......	9.6	φ	7.7	φ
46	11	Lloyds Ind. 10p	44	......	30	φ	10.9	φ
45	15¼	Lon. & Nthn. Sec.	43½	−1½	12.9	2.0	11.4	6.8
15	8	Long Hmbly. 10p.	10½	......	11.7	3.8	17.2	2.4
26	19	Longton Trans.	24	......	10.5	12.5	16.9	3.9

For Lonrho see O'seas. Traders

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr
15	13	Wood & Sons 5p	13	......	9.8	3.5
13½	7	Wood (Arthur) 5p.	11½	......	13.3	3.6
13	8	Wood (W.) 10p	12	......	†8¾	—
99	29	Wood Hall	91	−4	T16.1	16.3
7¼	4	Yarrow Furn. 5p	7¼	......	6.3	2.3
27½	14	Zetters 5p	21	−1	17.7	4.5

††INSURANCE

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr
65	30	Brentnall Bd. 10p	50	......	29.2	3.0
154	60	Britannic 5p	150	−4	140	—
970	440	Comb. Ins. Am. $1	825	−5	†Q60c	—
194	72	Comm. Union	176	−6	27.4	—
148	44	Eagle Star	133xd	−6	18.4	—
185	50	Equity & Law 5p	164	−4	102	—
174	67	Gen. Accident	164	−4	21.6	—
224	83	Guardian Royal	210	−8	b31	—
180	54	Hefford Sh'd 10p	175	+5	54.4	3.0
232	82	Heath (C.E.) 20p	220xd	−6	46.5	φ
152	47	Hogg Robinson	150	+3	14.6	3.0
138	30	Howden (A.) 10p	139	−5	21.7	4.2
150	48	Legal & Gen. 5p	134	−6	87.2	—
125	33	Lon. & Gdwn. 10p	118	−5	33.9	2.3
143	48	Lon. & Man. 5p	120	−4	87	—
178	63	Matthews Wr. 20p	154	−2	36.9	1.5
158½	49½	Minet Hldgs. 20p	144xr	−4	h10.8	4.2
240	93½	Pearl 5p	232	−8	192	—
242	87	Phoenix	238	−2	432.9	—
		Provident "A"	225		24.5	

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to corporation tax of 52 per cent, and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent, or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ¥ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ∮ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- •• Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ÷ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £255 per annum for each security

FINANCIAL TIMES

Tuesday June 10 1975

Second White Paper hint on Industry Bill

BY JOHN HUNT

THE GOVERNMENT is considering the highly unusual possibility of publishing a second White Paper on the Industry Bill, even though the legislation has had a Second Reading in the Commons and is due to finish its protracted and bitterly-fought committee stage by next Thursday.

In a brief answer in the Commons yesterday Mr. Anthony Wedgwood Benn, the Industry Secretary, said that the Government was considering the possibility in the light of the review of the Bill which it has undertaken.

Mr. Wedgwood Benn

Explanation

Mr. David Crouch, Conservative MP for Canterbury, one of the leading Conservatives on the Industry Bill committee, who had put the question to Mr. Wedgwood Benn, described his answer as a "remarkable revelation."

It was emphasised in Whitehall later tha nno final decision has been taken on the matter. The purpose would be to provide a fuller explanation to industry about the workings of the planning afireements and the requirements for compulsory revision of company information.

Mr. Benn's words have aroused strong suspicions on the Left of the party that the real intention of a second White Paper would be to water down some of the more controversial proposals in the Bill.

White Papers set out a Government's firm legislative intentions, unlike Green Papers, which are merely discussion documents on a proposal. There would seem little point in issuing a second White Paper unless it contained changes from the original Bill.

The Opposition has made great play with the allegation that the Industry Bill has already departed from the original proposals contained in the White Paper, the Regeneration of British Industry. It claims that Mr. Harold Wilson had given an undertaking that this would not happen.

The charge that Mr. Wilson has broken his word has been consistently denied by the Government. This makes the issuing of a second White Paper at this late stage an even more unusual departure.

Mr. Michael Meacher, the Industry Under - Secretary, answering Commons questions just before Mr. Wedgwood Benn, recalled that the Government had promised to have consultations with both sides of industry about the best means of implementing planning agreements.

He was immediately challenged by Mr. Eric Heffer (Lab., Walton) who was in charge of the Industry Bill as Minister of State for Industry until his recent sacking by Mr. Wilson.

Undertaking

Clearly suspicious about the Government's current intentions on the Bill, he asked for an undertaking that there would be "no retreat on the part of the Government in the face of CBI opposition."

Mr. Meacher assured him that there would be "no secret changes" in the Bill. There would be full discussions about any further representations made by either side of industry following the clarification of points which had been made in the committee.

Disclosure and the Bill, Page 18

Parliament, Page 16

Herstatt $16m. for Hill Samuel

BY MICHAEL BLANDEN

HILL SAMUEL, the London merchant bank, is recovering some $16.25m. of its losses from last year's Herstatt bank collapse as part of a total payout in New York reckoned at about $173m.

The final court order, it is understood, was signed yesterday in New York which has the effect of releasing Herstatt funds held there, mainly with Chase Manhattan Bank. A total of 34 creditors are expected to benefit, including a number of leading U.S. banks as well as Hill Samuel.

These are likely to include First National City Bank, which has been associated with Hill Samuel in efforts to recover losses; Morgan Guaranty Trust; Bank of America; Chase itself; Seattle First National Bank; and First National Bank of Chicago.

Details are expected to be announced to-day, when Hill Samuel is to publish its preliminary results for the past year. The settlement should mean that the bank will have recovered some 82 per cent. of its expected losses of around $19.5m. on the Herstatt situation.

This is likely to be regarded as highly satisfactory just under a year since the problem first arose, and after Hill Samuel has made strenuous efforts in both the U.S. and West Germany to recover its losses.

The deal is likely to mean that Hill Samuel's net loss after tax relief as a result of the Herstatt situation will be cut from the £1.8m. estimated last October to £600,000. The bank provided £2m. from inner reserves against the possible cost of the affair.

The settlement follows the collapse of Bankhaus I. D. Herstatt in June last year. This left Hill Samuel with an apparent gross loss of $21.5m. as a result of uncompleted spot foreign exchange transactions. This sum, equivalent to some £9m., was reduced to around $19.5m. (£8.2m.) as a result of offsetting Herstatt deposits held by Hill Samuel in Germany.

Earlier this year an agreement was reached among a number of the Herstatt creditors who had filed claims in New York, which would enable funds held in New York to be released. The funds involved have been mainly held by Chase, which was Herstatt's U.S. banker.

Norway may buy BP stake for £27m.

BY ADRIAN HAMILTON

BRITISH PETROLEUM is negotiating to sell is main Norwegian refining and marketing interests to the Norwegian Government for a cash offer of some 300m. Norwegian Kroner, or around £27m.

Negotiations are taking place between Norsk Braendselolje, owned 50 per cent. by BP and 50 per cent. by private Norwegian interests, and the Norwegian Government.

They involve the sale of Norsk Braendselolje's 49 per cent. interest in the new Mongstad 80,000 barrel-a-day refinery on the West coast of Norway; a chain of just under 1,000 petrol outlets; a chain of depots and sales facilities; and a 30,000-ton product tanker under construction and other ships. Under the Government offer, the full assets of the company would be valued at over £50m.

Despite statements in London and Oslo yesterday emphasising that negotiations were still proceeding and that parliamentary as well as shareholder approval would be required for the deal, it seems that BP at least is enthusiastic about the deal.

Much less clear is the position of BP's partners in Norway. One radio report in Oslo yesterday suggested that the largest shareholders, with some 18 per cent. of the company, would accept but that the remaining 32 per cent. might be kept in private hands.

Mr. K. Askvib, managing director of the company, refused to comment beyond confirming that negotiations were taking place and that the next round would take place in August.

The deal, which could still come unstuck in the Norwegian Storting, where it has come under attack from all the non-Socialist parties, essentially meets both the Norwegian Government's desire for a strong immediate presepce in refining and marketing and BP's desire to reform its Norwegian interests on wholly owned lines.

Although participating in exploration and development as well as petrochemical investment and gas production, Statoil, the Norwegian State oil group, has so far lacked a forceful presence in "downstream" oil operations in Norway.

Talks to enable it to share refining and marketing facilities have, therefore, been pursued with several companies over the last year and more, including with Esso at the end of last year.

BP, on the other hand, has recently radically altered from being a relatively passive partner in Braendselolje, one of the oldest oil companies in Norway, to a much more aggressive stance, not always in harmony with its Norwegian partners.

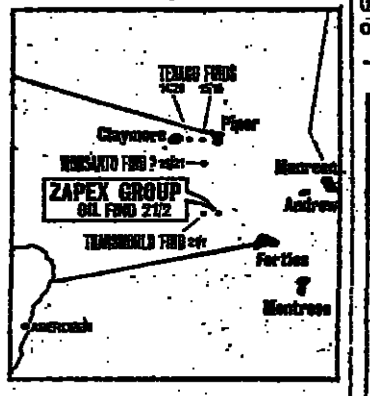
In a statement last night, however, the company also made it cleart hat it planned to set up a "100 per cent. owned" operation in Norway dealing in "various product lines where we have special expertise and international connections."

The main question now is the private and parliamentary response tothe move in a situation where eberybody is clearly highly embarrassed by the leak of the talks in yesterday's Norwegian press.

At 300m. N. Kroner for BP's direct share, the Government's offer would value the whole of the Braendselolje operation at around £55m.—a fairly attractive price under to-day's marketing conditions.

New Zapex find in Moray Firth area

BY ADRIAN HAMILTON



ANOTHER "encouraging" oil discovery has been made in the East Moray Firth region of the North Sea. The latest discovery, announced yesterday, is by the Zapex group on Block 21/2, some 10 miles east of the recent Transworld find on 21/1.

In a particularly complex geological area the group, which includes the U.K. Carless Exploration concern, must drill several more wells before it can be confident of the likely size of its discovery.

Preliminary indications, however, would appear reasonably encouraging. The find has been made in Jurassic sands, and according to the statement yesterday oil was tested at the rate of 5,540 barrels a day from two sones.

It follows a series of other Jurassic discoveries in the same general area, including the Pan Ocean Brae find on 16/7 to the north-east; the Occidental Claymore discovery; and the two nearby Texaco finds directly to the north; the Transworld find immediately to the west; and the reportedly encouraging find by Monsanto-Deminex on its drilling on 15/21.

The problem for all the companies in this region is partly the difficulty of defining the structures from seismic surveys; partly the high degree of faulting, which makes extrapolation from individual finds especially difficult; and partly the quality of the Jurassic sands, which tend to present contradictory results from different intervals in the producing horizon.

For all these reasons the operators are finding that they have to drill a number of wells on any discovery before they can be fully confident of the commercial prospects for development.

Partners in the latest discovery include the U.S. Zapata Exploration Company, as operator, with 25 per cent.; Clinton International, with 35 per cent.; Bomin, with 10 per cent.; Canadian Export Oil and Gas, with 10 per cent.; Hadson Ohio, with 10 per cent.; Acmin Exploration, with 5 per cent.; and Carless Capel and Leonard, with the remaining 5 per cent.

U.S. oil plan 'inadequate'

BY RICHARD JOHNS

LIBREVILLE, June 9.

NEW U.S. proposals designed to lay the basis for a dialogue between producers and consumers were rejected as "not adequate" by Mr. Belaid Abdesalam, Algerian Minister of Industry and Energy, at the start here of the conference of the organisation of Petroleum Exporting Countries.

He indicated clearly that Algeria would maintain its tough insistence that oil and raw materials should be treated on an equal basis despite the fact that other e—producers—notably Saudi Arabia, Iran and Venezuela—appear to have seen in the speech by Dr. Henry Kissinger, U.S. Secretary of State, a way out of the impasse reached at the abortive preparatory meeting in Paris in April.

Gold compromise hope at Paris IMF talks

BY ROBERT MAUTHNER

PARIS, June 9.

IN SPITE of a continuing clash between the U.S. and France over international monetary reform and particularly over the futrue role fo gold, prospects for a compromise agreement at the meeting of the IMF's Interim Committee, starting here to-morrow, were considered to-night to be fairly good.

The general view among officials of the other industrialised countries is that if the Americans and the French can sort out their differences, it will not be too difficult to persuade their International Monetary Fund partners to endorse the compromise.

It is, however, possible that the developing countries will throw a spanner into the works even then, for the so-called Group of 24, which represents them, to-night issued a communique stating that they had rejected all of the proposals so far put forward on the disposal of gold held by the Fund.

"No arrangements with regard to gold would be acceptable that are not designed to raise substantially the flow of financial resources to developing countries, without imposing a loss on any individual developing country," the communique said.

Several compromise proposals, including one fathered by Dr. Johannes Witteveen, IMF Managing Director, were being circulated among delegations to-night. They have in common that they al ltry to marry the American and French positions and take much greater account than hitherto of the needs of the developing countires.

It is clear that both the U.S., which has so far refused to envisage any arrangements which could permit gold to be reinserted into the intrnational monetary system by the back door, and France, which wants all the IMFs gold to be returned to member shates so that it can then be sold off at current market prices at a huge profit, will have to modify their positions.

The one thing they have in common is that both governments agree that at least some of the gold must be used to help developing countries. Under one of the compromise proposals, which is said to have been sponsored by the IMF Board, the bulk of the Fund's gold holdings—some 75 per cent.—would remain in th eIMFs hands, 10 to 15 per cent. (15m. to 20m. ounces) would be given back to the member States at the official price of $42.22 an ounce and the remaining 15 per cent. would be used to subsidise interest rates on loans to developing countries under the IMFs oil facility and to finance other types of aid to the Third World.

P.O. fears £300m. deficit this year

BY HAROLD BOLTER, INDUSTRIAL EDITOR

THE POST OFFICE is believed to be facing a deficit of more than £300m. this year unless action is taken quickly. An autumn round of price rises for both the postal and telecommunications services is considered inevitable.

The level of these increases will depend on the success which the P.O. has in convincing the Government and the Post Office Users National Council to accept a series of cost-saving proposals which it will put to them very shortly.

Without a sympathetic hearing from the POUNC and the Government, it is believed that the charge for the first class letter post—now 7p—will rise to as much as 9p by the autumn, with a consequential increase in the 5½p second class rate.

Postal and telecommunications charges went up in March and April this year to a level designed to improve the Post Office finances by some £600m. in 1975-76. But this is now regarded as inadequate as it was based on optimistic assumptions about the level of inflation during the current financial year.

One of the most significant steps which the Government could take to hold down the increases now on the horizon is for it to accept the Post Office's long-standing argument that the State should take over some if not all of the burden of deficiencies in the Post Office pension scheme. The pension deficiency in the year which has just ended is thought to have been around £100m.

In addition, the Post Office is likely to revive its proposals for cost savings through changes in the present service, first put to the POUNC four years ago.

In a report to the users council which was turned down by Lord Peddie, the council's chairman, and its members, Sir William Ryland, the Post Office chairman, suggested three main changes:

1—Fewer evening and week-end collections.

2—One letter delivery a day in town and country areas, spread over a longer delivery period.

3—The abolition of Saturday parcel delivery.

These changes are likely to be suggested again but with the addition of more alterations aimed at cutting costs.

Negotiations with the unions on cost saving measures such as the virtual elimination of overtime wherever possible and an abandonment of automatic recruitment and replacement procedures are nearing the decision stage.

The need for a new round of cost savings was foreshadowed by Mr. Joel Barnett, Chief Secretary to the Treasury, in the Commons yesterday.

Mr. Barnett announced that the total compensation to be made available to all nationalised industries in the financial year which has just ended was £650m., of which the Post Office element was £330m.—the size of its deficit.

He forecast that in 1975-76, the year just started, the Government's total subsidy would be £100m., of which the Post Office element which has been agreed so far is some £70m.

However, the Post Office had reported a substantial deterioration in its financial prospects for 1975-76, mainly due to accelerating inflation, Mr. Barnett said. Discussions were therefore taking place between the Government, the Post Office, and the unions to see what steps could be taken. The Post Office was looking for further sensible economies, but these would not suffice to cover the deficit.

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Weather

U.K. TO-DAY

DRY, long sunny periods.

London, Midlands, Cent. N. England

Dry, sunny periods. Wind N.E., light or moderate. Max. 24C (75C).

E. Anglia, E. and N.E. England

Dry, sunny periods. Fog patches near coast at first. Wind N.E., moderate. Warm inland. Max. 22C (72F) but normal 15C (59F), on coast.

S.E., S.W. and Cent. S. England, Channel Is.

Dry, sunny periods. Wind N.E., light or moderate. Max. 23C (73F). Cooler on coasts.

Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow, N. Ireland

Dry, sunny periods. Wind E., light. Max. 25C (77F).

Borders, Edinburgh, E. Scotland, Aberdeen, Moray Firth, N.E. Scotland

Dry, sunny periods. Cloud or fog at first. Wind E., light. Very warm inland. Max. 20C (68F).

Cent. Highlands, Argyll, N.W. Scotland

Dry, sunny periods. Wind E., light. Max. 22C (72F).

Orkney, Shetland

Dry, sunny periods. Wind E., light. Max. 16C (61F).

Outlook: Little change.

Lighting-up: London 21.45, Manchester 22.06, Glasgow 22.29, Belfast 22.28.

Pollen count: 15—low. London at 10.00 yesterday. Figures supplied by the Asthma Research Council.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	31	88	Luxembrg.	S	23	73
Amstrdm.	S	22	72	Madrid	S	24	75
Athens	F	22	72	Manchstr	S	21	70
Bahrain	S	38	100	Melbourne	C	14	57
Barcelona	S	22	72	Milan	F	22	72
Beirut	F	24	75	Montreal	S	14	57
Belfast	S	22	72	Moscow	F	22	72
Belgrade	S	20	68	Munich	C	13	55
Berlin	F	23	73	Newcastle	S	19	66
Birmghm.	F	20	68	New York	C	18	64
Bristol	S	22	72	Oslo	S	26	79
Brussels	S	23	73	Paris	S	25	77
Budapest	R	14	57	Perth	F	18	65
B. Aires	S	14	58	Prague	C	16	61
Cairo	S	31	88	Reykjavik	F	12	54
Cardiff	S	22	72	Rio de J'o	S	21	71
Cologne	F	22	72	Rome	C	21	70
Copnhagn.	F	22	72	Singapore	C	36	96
Dublin	S	19	66	Stockholm	S	24	75
Edinb'rgh	S	15	59	Strasbourg	S	23	73
Frankfurt	S	21	70	Sydney	F	16	61
Geneva	S	21	70	Tehran	S	29	84
Glasgow	S	22	72	Tel Aviv	S	24	75
Helsinki	S	23	73	Tokyo	C	25	77
H. Kong	R	28	82	Toronto	S	18	44
Jo'burg	S	15	60	Vienna	C	15	59
Lisbon	F	19	66	Warsaw	C	21	70
London	F	22	72	Zurich	C	19	66

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	20	68	Jersey	S	23	73
Algiers	S	24	75	Las Plms.	S	22	72
Biarritz	F	19	66	Locarno	C	20	68
Blackpool	S	23	73	Luxor	S	37	99
Bordeaux	S	21	70	Malaga	S	21	70
Boulogne	S	21	70	Malta	C	20	68
Casablnca.	C	21	70	Nairobi	S	23	74
Cape Tn.	S	20	68	Naples	C	19	66
Corfu	S	22	72	Nice	C	20	68
Dubrovnik	C	19	66	Nicosia	S	24	75
Faro	F	23	73	Oporto	F	15	59
Florence	C	17	63	Rhodes	F	22	72
Funchal	C	18	64	Salzburg	R	11	52
Gibraltar	S	23	73	Tangier	C	18	64
Guernsey	S	19	66	Tenerife	S	18	64
Innsbruck	R	13	55	Tunis	S	22	72
Inverness	S	17	63	Valencia	R	21	70
I. of Man	S	18	64	Venice	R	18	64

S—Sunny. F—Fair. R—Rain. C—Cloudy

THE LEX COLUMN

Irish message for the Big Four

Unlike the English Big Four clearing banks, which were extremely reticent on the subject of inflation accounting, Bank of Ireland has laid it on the line. Although the historic cost accounts show a rise in attributable earnings from £7.7m. to £9m. for the year to March, some 98 per cent. of this amount is eliminated in the CPP statement. The bank points out that almost the entire dividend has thus had effectively to be paid out of capital, taking £2m. off real net worth—though the directors believe the dividend should nevertheless be paid because the bank "cannot discriminate against stockholders." The stockholders, incidentally, put £10m. into the bank last year through the rights issue of Convertible.

Bank of Ireland is not alone among banks in suffering from inflation, but the effects are surprisingly inconsistent. New figures from Phillips and Drew, for instance, suggest that on forecast 1975 profits (about 4 per cent. down on the historic cost pre-tax profits basis) Barclays will also suffer a 100 per cent. wipeout of earnings in its CPP statement, while National Commercial will bear a four-fifths reduction; on the other hand, Lloyds' real earnings will only be a fifth below the historic cost version.

The key lies in the quality of the various balance sheets, and particularly in the free capital ratio excluding all loan stocks—which is basically a measure of the free liquidity in the bank provided by shareholders. Cash depreciates very fast at times of high inflation, so those banks with conservative ratios—1.9 per cent. for Barclays last December, 2.7 per cent. for Bank of Ireland—suffer a rapid erosion. At the other extreme Lloyds, with free capital last December of only 0.2 per cent. of deposits, comes out well.

Index fell 9.7 to 352.3

This should not, of course, be an argument for banks operating without free capital. But it is an example of the general rule that inflation is unkind to the prudent, and the Bank of England needs to bear the argument in mind in its consideration of banking ratios in general. Meanwhile the International wing of Barclays, shortly to issue $35m. of Eurodollar Notes, is evidently willing to gear up a little.

AB Foods

Associated British Foods has accelerated between the two halves of 1974-75 to emerge 15 per cent. ahead at £45.5m. before tax. The year's trading mix takes in a setback in Australia which has limited overseas growth to well under a tenth but non-bread manufacturing at home has been good enough to keep the overall profit trend relatively buoyant.

Naturally, these earnings swings have eroded ABF's much vaunted overseas profit ratio, which had risen to roughly 45 per cent. in 1973-74. But South Africa again performed very strongly and Australia—almost a third of the overseas total in 1973-74—looks to be over the worst; price rises there are coming through more quickly even if volume (static last year) remains a problem.

At home, retail (Fine Fare) and wholesale distribution can presumably expect some inflation-linked progress in the current year after an unchanged performance in 1974-75. ABF is not going to lose any sleep over its milling operations either, and the group is claiming considerable strength among some manufacturing areas outside bread. But the big "if" for 1975-76 is clearly baking—and the not so distant prospect of a return to more worthwhile profitability, given lower raw material costs and bread price rises. The shares yield 3.2 per cent. at 68½p with cover well above the sector average at 3 times.

Lonrho

Quarterly figures for a group like Lonrho always tend to be somewhat deceptive. So the £800,000 fall to £8.2m. in its January-March pre-tax profits—the first quarterly setback for several years—is best seen in the context of a £4.3m. increase to £20.3m. for the first six months as a whole and the forecast of a "substantial advance" for the full 12 months to the end of September. The market took its lead from this and the shares closed 2p higher at 15[illegible].

The slight setback in January to March—traditionally the smallest profit contributor of the quarters—is principally explained by a sharp rise in maintenance and running costs from the sugar interests at a period of the year when they are not earning any profits. Elsewhere, platinum prices have fallen but gold income is holding up well.

The half-year advance reflects increases in most of the group's divisions, though a particularly strong performance has come from the West African trading activities, notably in currently booming Nigeria. This progress should continue throughout the rest of 1974-75 with benefit from the fall in the value of sterling to come in the fourth quarter. So the full-year outcome should be at least £55m. to £60m., against £46.5m., which together with the redeployment of the strong cash resources is what the market is counting on after the remarkable relative share price strength of the last two years.

Registered at the Post Office. Printed by St. Clements Press Ltd. for and published by The Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.
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